# Daily Report

# Latin America

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# Daily Report
## Latin America

*FBIS-LAT-94-206* *25 October 1994*

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**NOTICE TO READERS:** Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

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## Central American Environment, Resource Goals Issued

*PA2110185394 San Salvador Presidency Press Release in Spanish 17 Oct 94*

[Text of the "Commitments in Matters Related to the Environment and Natural Resources" issued at the Central American Presidents' Ecological Summit at Masaya Volcano, Nicaragua, on 13 October; furnished by the Salvaderan Presidency—passages in boldface as published]

[FBIS Translated Text] **ALLIANCE FOR THE SUSTAINABLE DEVELOPMENT OF CENTRAL AMERICA**

**COMMITMENTS IN MATTERS RELATED TO THE ENVIRONMENT AND NATURAL RESOURCES**

**VOLCAN MASAYA, NICARAGUA**

Our countries have signed national, regional, and international documents on the environment and natural resources. These documents are at different stages of implementation. Despite this, harmful levels of pollution in the water, air, and soil continue, as does the rapid loss of our biological diversity, particularly our forests. These circumstances point out the need to strengthen the environmental angle when public and private economic decisions are made, as well as the importance of civilian society's participation in the management and conservation of the environment.

We, the presidents of the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the representative of Belize's prime minister, gathered at the Central American Ecological Summit, are aware of this situation. In order to implement the goals of the Alliance for Sustainable Development signed on 12 October 1994, we have decided to adopt the following commitments:

**LAWS**

1. Assign the Executive Secretariat of the Central American Environment and Development Commission (CCAD) to draft a report on the progress of and compliance with regional and international agreements on the environment and natural resources signed by the Central American governments. This report will be prepared with the proper authorities from each country and will be submitted to our next regular summit.

**NATURAL RESOURCES AND BIODIVERSITY**

2. Instruct the relevant national authorities to establish the following within 18 months:
A. The Central American Biological Corridor to strengthen the national system of protected areas; and
B. Centers for Biodiversity and Botanical Gardens in each country to promote research on the use and conservation of biodiversity.
3. Draft a list of endangered species of Central American flora and fauna through the relevant national authorities so as to prohibit: capture, transport, and trade. This list should be finished in a period not to exceed three months.

**TERRITORIAL DISTRIBUTION**

4. Instruct the corresponding authorities to begin the necessary actions to establish plans for territorial distribution, stipulating a two-month period for such authorities to hold a regional meeting. This meeting will mainly seek to set up methodologies and common procedures to comply with this commitment.

**ASSESSMENT OF ENVIRONMENTAL IMPACT**

5. In order to follow up our commitment to the Assessment of Environmental Impact assumed at the Guacimo Summit, we will instruct the CCAD Executive Secretariat to draft a proposal that includes: principles, minimum requirements, methodologies, regulation of consultative services, mechanisms for consultation for civilian society, and other issues that should be included in these processes. This proposal will be accomplished with the National Councils on Sustainable Development and will be submitted in a period not to exceed six months.

**FOREST RESOURCES**

6. Adopt plans for forest management as a tool for overall beneficial and sustainable use of the forest.
7. Instruct the corresponding authorities in the drawing up, in a joint fashion with interested sectors of civilian society, of a proposal of technical norms for certification of wood products manufactured from woods managed in a sustainable manner. For this we establish a six-month period.
8. Draw up and implement a plan for the prevention of and fight against forest fires.
9. Foster participation of municipal and local authorities in the administration of forest resources.

**WATER**

10. Give priority to drawing up policies and laws on the management and the conservation of hydraulic resources that include, among other things, the judicial and institutional organization; coordination mechanisms among various authorities in charge of the handling, management, and administration of these resources, for human consumption as well as for irrigation and for generating electricity; instructing our relevant authorities in the implementation of this commitment.
11. Instruct the relevant authorities to update studies on the Central American basins with a view to preparing specific projects for their sustainable use and management.

**AIR**

12. Prepare a plan of action aimed at eliminating lead in gasoline used in Central America by 31 July 1995 at the latest.
13. Issue, over a period of time not to exceed one year, regulations on the control of atmospheric contamination

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by mobile sources, as well as the establishment of systems to monitor air quality, with the participation of private and public sector organizations. For this, we instruct the corresponding institutions to implement programs to raise community consciousness and implement education campaigns to achieve greater participation by the people in fulfilling this commitment.

**GROUND**

14. Instruct our relevant authorities to unify the classification of the ground in the nations of this region and identify areas with more fragile ground so that, in a period not to exceed two years, strategies of action can be available for the protection and recovery of the frailest areas.

**POLLUTION CONTROL**

16. Stipulate a two-year period, as of today, for all our countries to implement specific regulations on the monitoring and control of:
a) Water pollution,
b) Air pollution,
c) Soil pollution,
d) Noise pollution,
e) Visual pollution, and
f) Others.

This commitment shall fall under the jurisdiction of the CCAD and shall be gradually implemented, ensuring the establishment of decentralized mechanisms for surveillance and monitoring purposes, thereby encouraging civilian society's participation in these processes.

**SCIENCE AND TECHNOLOGY**

17. Make the relevant authorities responsible for promoting productivity and competition through the use of technologies that take environmental sustainability into account.

**EDUCATION**

18. Instruct our ministers of education to immediately draft and develop programs that include environmental education material in their curricula and programs of studies from the earliest to the highest levels. These programs will be prepared in conjunction with environmental and natural resources authorities and will focus on learning about the region's natural resources.
19. Establish through our ministers of education a mechanism for coordinating and exchanging experiences at the regional level on environmental and natural resources topics.
20. To promote in each of our countries environmental education programs within and outside the educational system that include the training of surveillance and security organizations and of those responsible for enforcing justice in these areas.

**FINANCES**

21. Instruct the Central American Bank of Economic Integration to implement the environmental regional subprogram and guarantee that such financial cooperation will be channeled through existing national funds created for these purposes.
22. Create the Central American Environmental Fund, which will be managed through an autonomous trusteeship.

**INFORMATION**

23. Instruct the CCAD to implement a Central American Environmental Information and Documentation System strengthening and broadening real access to electronic communications services and other media by civilian society.

Masaya Volcano, Nicaragua, 13 October 1994.

[signed]**JOSE MARIA FIGUERES OLSEN, president, Republic of Costa Rica**
**ARMANDO CALDERON SOL, president, Republic of El Salvador**
**RAMIRO DE LEON CARPIO, president, Republic of Guatemala**
**CARLOS ROBERTO REINA IDIAQUEZ, president, Republic of Honduras**
**VIOLETA BARRIOS DE CHAMORRO, president, Republic of Nicaragua**
**ERNESTO PEREZ BALLADARES, president, Republic of Panama**
**HENRY YOUNG, representative of the prime minister of Belize**

## Central American Body on Trade Talks With Mexico

*PA2510014794 Mexico City NOTIMEX in Spanish 2037 GMT 22 Oct 94*

[FBIS Translated Text] Guatemala City, 22 Oct (NOTIMEX)—A regional economic organization has made a number of recommendations to consolidate Central America's trade negotiations with Mexico, according to a study revealed here today.

A study made by the Secretariat of Central American Economic Integration (SIECA) stated the trade negotiations will yield results in the medium and long term.

SIECA stated, however, the negotiations will be successful to the extent that Central America's supply problems are solved through a coherent handling of sectorial policies in the respective countries of the isthmus. This goal can be achieved through a clear vision of the meaning of world economic globalization and of the new international division of labor, SIECA stated.

The organization stated it is essential for the trade negotiation with Mexico to immediately settle problems with the access of products in which Central America is competitive and which are part of its exportable offer.

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The study also stressed the importance of the Tuxtla Gutierrez agreements, which Mexico and the Central American nations signed in January 1991 and which seek to expand trade relations in order to establish a free trade zone in late 1996.

SIECA maintained it is difficult for Central American countries to establish specific issues for negotiations with Mexico within a framework of marginal trade relations accompanied by certain protectionist measures established by Mexican trade policy.

The study suggested that trade negotiations with Mexico must "make the Tuxtla Gutierrez agreements an inseparable whole and ensure that they are simultaneously negotiated by linking, for example, a trade liberalization program with progress in other areas of cooperation."

The regional organization stated the involved governments must show a willingness to overcome an age-old position of weakness that characterizes trade relations between the economies of Mexico and Central America.

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## Cuba

### Alarcon Interviewed on Migration Issues

*PA2410170094 Havana PRENSA LATINA in Spanish 1559 GMT 24 Oct 94*

["Exclusive" interview with Ricardo Alarcon, head of the delegation to migration talks with the United States, by Adolfo Gomez Gonzalez, on the occasion of the start-up of the second round of talks; place and date not given; "Cuba Has Complied With Everything"—"special" for PRENSA LATINA from the Sunday weekly JUVENTUD REBELDE]

[FBIS Translated Text] [Gomez] How has Cuba complied with the agreements?

[Alarcon] We have scrupulously complied with all the agreements, we are complying with them, and we are willing to continue to do so.

[Gomez] What will be the fate of Cubans who emigrated illegally in August and September?

[Alarcon] The 9 September document is very clear. Those who are detained on the Guantanamo Base, in Panama, or in similar installations in the United States may voluntarily return to Cuba, but each case must receive advance approval by our authorities, but there may never be mass returns.

Many things must be taken into account to ensure that their reintegration into society is done in an adequate manner, a normal manner, without trauma to them or the community where they will live. Some of them have already returned and have restarted a normal life with their families.

They are being given the opportunity to return in an orderly manner, a civilized manner, not by escaping from the base while risking their lives and those of the people who rescue them in the mined fields.

The other option is to stay indefinitely in those places, because not doing this would be the same as validating the possibility of emigrating illegally to the United States.

The situation they are facing is the one announced by the U.S. Government. This involves nothing more than applying to them the same practice applied to anyone who ignores normal immigration procedures.

We must understand the human aspect of the situation facing those people who are victims, in the end, of an arbitrary and illegal policy, a policy of manipulating the migration issue, embraced by successive U.S. Administrations over the past 35 years, and they are now paying the consequences of not having understood, or not having realized that times have changed.

[Gomez] So, they will be able to enter the United States at any time?

[Alarcon] The new U.S. policy of only admitting Cubans who want to emigrate when they do so in a legal, orderly, manner, in accordance with the regulations of the two countries, is part of the migration agreement. Therefore, the United States is obligated to continue implementing that policy.

President Clinton and the attorney general categorically announced the U.S. position.

If the people who tried to emigrate illegally are admitted, that would encourage illegal emigration. This whole agreement, important for the two sides, would fall apart.

[Gomez] What will happen to minors who were taken by one of the parents without the consent of the other parent?

[Alarcon] We have raised that problem, since there are cases where minors were taken without the consent of one of the parents. Cuban law stipulates—and this is practically a universal principle—that both parents share custody of a minor.

That is a very important point that it is indispensable to resolve. The only solution is that the minor be returned to his home, since his removal amounts to kidnapping, which is totally unacceptable.

[Gomez] Did the agreements provide for children, the elderly, and the ill to go to the United States, as that country announced recently?

[Alarcon] Because they were not contemplated as such, we have to consider the two sides of that question. There are situations that raise legitimate humanitarian concern that we must address. We are not reluctant in that respect.

Another issue is how to put it into practice. This is something that is part of the bilateral agreement, and the two governments must review these matters and seek adequate solutions. We are not refusing to contemplate this aspect of the problem, but we do not agree with the adoption, as the media in that country have mentioned, of unilateral measures, arbitrary decisions by the United States.

[Gomez] Will the refugees be able to communicate in some way with their relatives in Cuba?

[Alarcon] The two sides have agree to promote the exchange of correspondence. The idea is to take measures that ease the situation of those people, and we have discussed establishing postal communications, so they can write to their relatives in Cuba, so that they may communicate with them.

We are waiting for a U.S. reply on this matter, and our government has expressed its willingness to help in the distribution of the letters to interested parties within our national territory.

[Gomez] Have you received a list of the refugees?

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[Alarcon] We have requested a complete list for some time now in order to inform the relatives. They have a right to know what happened to their relatives. But we have not received a complete list. We have already informed relatives of those whose names we have.

[Gomez] How do you view the recent illegal entry of a boat with people who came to Cuba from the United States?

[Alarcon] The agreement implies that there can be no flow of people between the two countries unless it is done legally. Permitting illegal entries would create a chaotic situation for various reasons. Those who come from the United States have their residences there. They have civil or legal commitments there, and perhaps they are trying to flee from them.

[Gomez] It is also not known if an attempt is being made to use these boats to traffic immigrants, as has been the case in the past, or if they are coming here to commit terrorist acts, like in the recent Caibarien case.

[Alarcon] We believe that the United States must take measures so that these things do not happen. It would be a truism to say that if it is so easy to enter, it is also easy to get out. This is precisely the type of trafficking we tried to avoid with the agreements.

[Gomez] What has Cuba done so that the United States can fulfill its part of the agreements?

[Alarcon] We have granted visas and have accepted all the officials they have proposed to send to reinforce the staff at the U.S. Interests Section. We have studied the situation of the nationals to improve their working conditions. All requests that have been made have been processed as they are submitted.

[Gomez] Is the United States already granting the visas established in the agreement?

[Alarcon] According to the information I have, it has continued to grant visas but not yet at the pace it needs to fulfill their obligation to grant at least 20,000 per year. Perhaps it could have shown more speed. Everything seems to indicate that it has the will to fulfill the agreement. It has taken the steps to get organized, have announced the procedure, etc.

For the agreement to function fully and for the spirit born of that agreement to become a reality, we believe it is indispensable for concrete results to be seen as rapidly as possible in the form of a real increase, at the rate of 20,000 per year.

[Gomez] Will there be other meetings in which other aspects of the differences between the two countries can be discussed?

[Alarcon] The agreement states that there will be follow-up meetings to verify and control its fulfillment. The first of these meetings will be held tomorrow (24 October), and during that meeting we will set a date for the following meeting.

[Gomez] Are there any plans to broaden the topics to include other differences?

[Alarcon] The topic of immigration is inseparable from the underlying causes that create it and makes certain people want to emigrate, to leave this country. The main cause is the embargo, which has been heightened of late and further tightened with the 20 August measures.

We will always reiterate that the definitive and lasting solution to this problem lies in the complete lifting of the embargo and of the policy of hostility toward Cuba.

Additionally, the emigration issue is linked to many other issues in national life, such as transportation, communications, the flow of money, and others, which are affected by the embargo. We are not just talking about placing a stamp on a sheet of paper to grant a visa.

Even without discussing the embargo, in capital letters, in itself, during the discussions we will inevitably have to deal with those things; we constantly will have to touch upon all of the effects of the embargo on these specific migration-related topics.

[Gomez] Will the Cuban delegation demand the lifting of the measures imposed by Clinton on 20 August?

[Alarcon] The suspension of family remittances and the sending of packages, the decrease in the frequency of flights, and the intensification of radio and television aggression are incompatible with the agreement, with both the letter and the spirit of the agreement, and directly inhibit its fulfillment.

Furthermore, the measures were imposed in the midst of the so-called rafters crisis and that crisis has already been resolved. This crisis no longer exists, and therefore there is no justification for continuing to punish people in both Cuba and the United States unnecessarily.

Continuing these measures, which affect the lives of many people, is also a way of creating dissatisfaction and even potentially fostering feelings in favor of illegal emigration.

It is absurd for a government, which has made a serious effort to work toward the normalization of migration relations, to be the one to knock down things that were respected even by Reagan and Bush. It is so absurd that they would have to be discarded.

[Gomez] What is your opinion of the U.S. Senate Foreign Relations Committee's recent discussion on lifting the blockade?

[Alarcon] That debate and the other one held by the Judiciary Committee reflect a growing trend, which is increasingly gaining strength in the United States. Every day more people, prominent individuals, political

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leaders, and important media are speaking out in favor of lifting the blockade, in favor of the normalization of relations between the two countries, and in favor of expanding negotiations into other areas.

That is a process that no one can stop, that will continue to expand, that will continue to gain strength, and that is part of an overall effort in which many people are involved, even the large majority of the international community.

I am sure there are going to be other hearings, in addition to the two scheduled to discuss the bills submitted by Representatives Rangel and Serrano, respectively. It is a topic that is increasingly on the U.S. Congress' agenda.

It is very interesting to see that discussions are not being held from the point of view of those who seek to tighten the blockade, but from the point of view of those who seek to eliminate it.

## Migration Talks With U.S. Delegation Begin

### U.S. Delegation Arrives

*PA2410191494 Havana PRENSA LATINA in Spanish 1758 GMT 24 Oct 94*

[FBIS Translated Text] Havana, 24 Oct (PL)—The U.S. delegation to the second round of talks on migration issues, which is scheduled to begin today in this city, arrived aboard a direct flight from Miami.

The U.S. representatives were welcomed at Jose Marti International Airport by officials from the Cuban Foreign Ministry and Joseph Sullivan, chief of the U.S. Interests Section in Havana. The group is led by Dennis Hays, chief of the Office of Cuban Affairs in the State Department.

Hays replaces Michael Skol, deputy assistant secretary of state, who led the initial talks in New York, which concluded with the adoption of several agreements contained in a joint communique issued on 9 September.

As announced, this meeting will examine the progress made in complying with the agreement signed by the two countries in New York some 45 days ago.

The Cuban side has strictly fulfilled its obligations. The U.S. authorities have recognized this fact, as they continue to be entangled in the organizational phase of the process of granting 20,000 visas per year to Cubans interested in migrating to that country, as the agreement states among its main points.

### U.S. Official Comments

*PA2410202894 Havana PRENSA LATINA in Spanish 1852 GMT 24 Oct 94*

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 24 Oct (PL)—Dennis Hays, head of the U.S. negotiating team, announced today in Havana that, in accordance with the immigration agreement, this week the United States is going to step up the granting of visas to Cubans who want to emigrate to the United States.

Hays, director of the State Department's Office of Cuban Affairs, arrived in Havana at noon on a direct flight from Miami at the head of the U.S. delegation to the bilateral talks that are resuming today.

Hays said that one of the goals of his delegation is reporting on work already being done to fulfill Washington's obligations according to the agreement signed. He recalled that 10 new officers have already reported to the U.S. Interests Section in Havana to carry out visa processing work.

Upon arrival at the airport, Hays said that during the talks the United States and Cuba will review the development and implementation of the various aspects of the document signed in New York City 45 days ago.

Hays said: It will be necessary to see if there is anything more that either of the two parties can do for things to march along, but we do not intend to go any further than the areas established in the agreement.

The State Department official said that the measures adopted by the U.S. Government on 20 August 1994—limiting the nUmber of flights and sending of money to relatives in Cuba—pertain to another issue not directly linked to the current talks.

Likewise, he denied that the topic of the economic and trade embargo on the island, which has been in force for more than 30 years, is on the meeting's agenda, in spite of the Cuban position that the embargo is helping fuel the emigration problem.

Hays said that such topics should be discussed at some other time. Hays leads a delegation of 10 people, all officials from the U.S. State and Justice Departments.

### First Day of Talks Ends

*PA2510031194 Havana PRENSA LATINA in Spanish 0108 GMT 25 Oct 94*

[By Javier Rodriguez]

[FBIS Translated Excerpt] Havana, 24 Oct (PL)—Delegations from Cuba and the United States spoke positively of the first day of negotiations under way in this capital today to review the progress of the bilateral immigration agreement of 9 September.

Ricardo Alarcon, president of the Cuban parliament, and Dennis Hays, chief of the State Department Office of Cuban Affairs described the talks, which lasted for almost three hours at the Palace of Conventions in Havana, as good and professional. Hays said after the meeting that the conversations had been technically

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good and correct and professionally serious and that they will continue tomorrow according to the planned agenda.

Meanwhile, Alarcon said a preliminary inventory of the topics that will be discussed was conducted, and he described the September agreement as a true guide for the talks. [passage omitted]

In response to a question, Alarcon said his delegation had also informed the U.S. delegation that the issue of the Cubans at Guantanamo Naval Base and U.S. military bases in Panama will also be discussed during the talks.

Alarcon said if it is confirmed the U.S. Interests Section in Havanna will soon begin issuing 500 visas weekly to Cuban applicants, that figure will be acceptable in accordance with the document signed in September.

To conclude, Alarcon explained that any arrangement involving the detainees in Guantanamo and Panama must result from a joint action by the two governments and never from a unilateral measure.

### Alarcon Discusses Talks

*FL2510031694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Oct 94*

[From the "NTV" newscast]

[FBIS Translated Text] It was announced at the end of this newscast that the first day of talks between Cuba and the United States has concluded. Regarding this first round of talks, Ricardo Alarcon de Quesada, head of the Cuban delegation, evaluated the first day of negotiations:

[Begin recording] [Alarcon] We are just beginning; this was the first meeting, and I would call it a preliminary exchange. In coming days, it will be necessary to study each one of the topics in depth.

[Unidentified reporter] What is the agenda?

[Alarcon] The agenda is the September agreement in all its dimensions and implications.

[Second unidentified reporter] How long will these talks last?

[Alarcon] It seems we will meet at least up until next Wednesday [2 November].

[Third unidentified speaker] What were the most discussed topics during this first meeting?

[Alarcon] A general discussion about implementation of the agreement took place today.

[Several unidentified reporters] [questions indistinct]

[Fourth unidentified reporter] What about the stopping of monetary remittances to Cuba, and reduction in the number of flights?

[Alarcon] These have a lot to do with the agreement, and the immigration issue is as important as the air we breath.

[Fourth unidentified reporter] Then Cuba has mentioned this topic?

[Alarcon] Of course. We believe that immigration involves not only a visa stamped in a passport. Immigration cannot take place if flights and financial exchanges are not allowed. There should be no obstacles if the real intention is to have a normal, legal, and organized flow of immigration. [end recording]

### Alarcon Views Emigrant Return

*PA2510020094 Havana Radio Havana in Spanish 0000 GMT 25 Oct 94*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the Cuban parliament, denied the United States has proposed lifting the measures that were adopted against Cuba on 20 August in exchange for the return of the Cubans held at the Guantanamo U.S. Naval Base.

Talking to local and foreign journalists, Alarcon, who heads the Cuban delegation to the Cuba-U.S. talks which were resumed in Havana today, said the emigrants can return only after the matter is discussed through established, diplomatic agencies.

Alarcon described the permanent enforcement of the U.S. ruling limiting flights from the United States to Cuba and forbidding remittances to relatives as incompatible with the spirit of the immigration agreement signed between the two countries.

## Council of Ministers Vice President on Miami Summit

*PA2410221694 Madrid EFE in Spanish 0947 GMT 23 Oct 94*

[FBIS Translated Text] Madrid, 23 Oct (EFE)—Jose Ramon Fernandez, vice president of the Cuban Council of Ministers, said today the United States intends "to eliminate" the "leadership" of Spain in Ibero-America with the Summit of the Americas, which is scheduled to be held in Miami in December.

The Cuban politician said in an interview with the Madrid newspaper EL MUNDO published today that the U.S. embargo has caused Cuba to lose "approximately $41 billion all these years."

"If it is taken into account that our annual budget ranges between $9 billion and $10 billion, it is as if we had not produced anything for four or more years," he said.

According to Fernandez, the reasons the United States has to maintain the embargo now that the "Cold War" is over include the "concentrated hatred" against Cuba

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that certain powerful sectors feel and the pressure of Cuban exile groups in Miami.

Regarding the changes made in Cuba and the U.S. pressures for the democratization of the regime, he said "any change must be linked to an unrestricted respect for our independence, our sovereignty, and our socialist project."

The Council of Ministers vice president added the summits of the Ibero-American community of nations "have blazed a path for clarification and cooperation," but the Miami meeting convoked by Washington "is aimed at eliminating Spanish leadership," because the United States "will not resign itself to losing ground on anything."

Referring to Spanish-Cuban relations, he said Spain is Cuba's most important European trading partner and, after his visit to the regions of Galicia and Asturias (in northern Spain) in mid-October, "they will be even closer in all aspects."

"Spain has adopted a constructive and positive position: it seeks a solution to Cuba's problems. The fact that we do not always adopt the same position is natural, but it has a positive attitude to which we listen and appreciate," Fernandez said.

### Deputy Minister on Broadening Ties With Mexico

*PA2410135094 Mexico City NOTIMEX in Spanish 0133 GMT 22 Oct 94*

[FBIS Translated Text] Havana, 21 Oct (NOTIMEX)—Cuban Deputy Foreign Minister Isabel Allende said today Cuba that intends to broaden its economic relations with the next Mexican administration.

The deputy foreign minister emphasized that following this year's signing of the North American Free Trade Agreement with Canada and the United States, Mexico and Cuba agreed on "the most important economic accords" ever signed between the two countries.

During the next Mexican administration, which will take office on 1 December, Cuba will broaden its ties with that country, Allende said. "I am sure this will happen," Allende said in a meeting with writers and editors from the Mexican news agency NOTIMEX.

In the last three years private Mexican businessmen have agreed to invest approximately $1 billion in the telecommunications, oil, textiles, and glass industries.

"Mexico has always been in the forefront, the champion of Cuba's right to exist as a free and sovereign nation," Allende said.

"Fortunately, Mexico is no longer alone" in that policy, she said.

A majority of the Latin American community firmly opposes the U.S. blockade policy and has pronounced itself in favor of a negotiated solution, Allende added.

Allende said that Mexico "has never tried to be a mediator between Cuba and the United States" and "has always maintained its straightforward position as a defender of Cuba's membership in the Latin American continent."

In a 75-minute meeting at the Foreign Relations Ministry, the Cuban deputy foreign minister answered question posed by members of NOTIMEX's central staff who are visiting the Caribbean nation.

### ANPP Rejects Conditions 'Imposed From Abroad'

*PA2410201094 Havana PRENSA LATINA in Spanish 0009 GMT 23 Oct 94*

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 22 Oct (PL)—The consensus today at the National Assembly of the People's Government [ANPP] during a open session was to reject any conditions imposed from abroad on Cuba's political system and the decision to face international campaigns in this respect.

Following a broad debate on the topic, with the participation of deputies, analysts, government officials, and representatives of study centers and specialized departments of the Communist Party of Cuba [PCC], Foreign Minister Roberto Robaina and ANPP President Ricardo Alarcon delivered the major addresses.

Robaina enumerated the different requests for political and economic changes on the island made as the condition for Washington to relax its stance and end the embargo on the Caribbean country that has lasted over 30 years, including recent requests by the Rio Group and from some European countries.

The minister said the nation is making the changes it deems appropriate to defend its independence, sovereignty, and the gains of its social system but rejects that which others want to impose on it from abroad.

Robaina said the Latin American governments are offering to serve as intermediaries to get Cuba to return to the OAS, and, in sum, take the same stance as the United States in its anti-Cuban campaign.

He even spoke in favor of a national debate to analyze the way in which the future abolition of the U.S. embargo would be handled, noting that, in that case, it would be clear Cubans would be faced with a much more complex challenge, which is why one has to lay the groundwork.

Among the fundamental agenda items for the work of the Foreign Ministry he mentioned continued denunciation of the blockade in all international forums, the dismantling of the U.S.-sponsored disinformation campaigns, and the demand for true democratization in the United Nations.

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Alarcon emphasized the perilous nature of the ideological and propaganda work by Cuba's adversaries, citing by way of example the increase in migration to the United States, something the ANPP's official statistics belie. "We must consider we are living in a world where there is are systematic attempts to distort the truth, and political elements are used to impose them on Cuba. The topic of the size of migration and this concept of a divided nation are the chief instruments," he added.

The ANPP president explained that before its independence Cuba faced not only the colonial empire but the annexationist greed of the United States as well.

We can find in the struggle of those days for social equality, racial equality, and nationhood the roots of our current system, which is necessarily anti-imperialist, socialist, and nationalist, he stressed.

Alarcon noted the conditions now proposed to the Cuban Revolution are totally alien to international law and morals, something that moreover represents an attempt to impose on a country that is the victim of the aggression of a major power.

He argued that nobody has the right to meddle in the internal affairs of another country, and that the UN and OAS Charters—but most of all the history of Latin America and the Caribbean—say this.

Alarcon charged this meddling is disguised in the form of a false democracy and noted Cuba will not even agree to discuss the idea of abandoning its own plan for a true democratic society.

In reality, he concluded, the purpose is to impose capitalism on us, which every day adopts ever more undemocratic stances, not democracy. As noted in the course of the session, this hearing, to which local and foreign news media had access, marks the beginning of public debates by the ANPP on the chief topics of the day in Cuba and the world.

## UNEAC Workshop Addresses Impact of Blockade

*FL2510004394 Havana Radio Reloj Network in Spanish 1255 GMT 24 Oct 94*

[From the "Doing Radio" program]

[FBIS Translated Text] Engineer Arnaldo Coro will comment on a workshop organized by the National Union of Cuban Writers and Artists [UNEAC], which will be held on 24 and 25 October in the UNEAC building.

[Begin Coro recording] This workshop has great importance because it will be the first systematic study of the impact of the U.S. blockade on Cuba's mass communications stations. The discussions will not only address the impact on the press, but also on radio, television, editorial writing, and press distribution.

As is well-known, Cuba has suffered the direct impact of the blockade on communications for 33 years. The work I will present to this workshop is a study of how radio and television broadcasts have suffered, not only through the shortage of components and spare parts, but also by the limitations on its development.

Limitations on development means, for instance, that we should have had a more modern national network by now. We should have replaced and extended our number of receivers—which are a very important part of radio communications—within the FM band, and we should have gone to FM use disregarding the medium-wave communication system, or AM.

FM is much more economical and offers much better quality. In addition, when an FM system is correctly installed, the investment provides radio stations with nationwide coverage, and more economically.

The U.S. blockade is a direct cause and a principal motive in preventing Cuba from adequately developing its radio broadcasts using the FM band. This is extremely important. Regarding television, the transmitters—as in the case of radio—are practically 100-percent U.S. in terms of origin, which is clear by such names as RCA, General Electric, (Geich) Radio, Harris, etc. These were all U.S. enterprises.

During the workshop we need to point out the extraordinary work achieved by Cuban technicians to keeping the equipment operational. There are many cases of Cuban stations currently operating with transmitters over 40 years old. [end recording]

All of these issues, which have in one way or another affected development of Cuban press and radio, will be addressed in the workshop today, where reporters from all over Cuba will discuss the impact of the U.S. blockade on Cuban communications.

## Commentator Views Blockade, Migration Talks

*FL2410171594 Havana Radio Rebelde Network in Spanish 1255 GMT 24 Oct 94*

["Our Opinion" commentary by Eduardo Dimas; from the "Doing Radio" program—monitored in progress]

[FBIS Translated Text] ...the fact that this U.S. delegation is low-level compared to the one sent to the New York negotiations leads one to believe that this would be very unlikely. There have been no signs until now that would indicate a policy change, despite influential U.S. Government personalities calling for the blockade to be lifted. We cannot ignore the fact that the blockade will probably remain in place for a long time to come, particularly in light of reactionary tendencies which have dominated U.S. policy on our country over the years.

It was during the difficult conditions of the special period in Cuba that Congress approved and the government implemented the Torricelli bill, which reinforced

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the blockade of Cuba by preventing trading partners abroad from trading with our enterprises—among them, the producers of medicine and medical equipment that can save lives.

Moreover, it is perfectly understandable that U.S. politicians and large economic interests that are used to getting their way have trouble understanding how a small, poor, underdeveloped, and blockaded island could resist for so long. These sectors play the cards of uncertainty and follow the social consequences of the special period in our country. They hope to destroy the Revolution and intervene in the name of saving Cuba from a bloodbath so that they can own this island forever—in other words, transform the old dream of the ripened fruit into reality and finish the failed attempts of 1898 to annex Cuba.

We must remember that many U.S. officials continue to consider Cuba a domestic issue. They got so used to the idea of involving themselves in our domestic affairs over a 60-year period that they cannot get used to the idea that we achieved complete and definite independence in 1959.

I am one of those who believe that the blockade is in its death throws, that it is dying of natural causes, overcome by world events. International rejection grows every day, and many developed nations—many of them U.S. allies—negotiate with our country. Our economy is showing signs of recovery, even though it remains in crisis. I believe that it is a matter of time and that sooner or later the government of the north will have to lift its blockade without us having to make concessions that would affect our sovereignty. Let us hope that this meeting prompts the United States to uphold its end of the migration agreement. I believe that developments inside the United States—that is, the upcoming elections—are preventing the blockade from being suppressed and relations from being normalized at this time.

### Researcher on October Crisis Conference Results

*FL2410030494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 24 Oct 94*

[From the "NTV" newscast]

[FBIS Translated Text] The October 1962 crisis is considered the most dangerous episode of the so-called Cold War. Tomas Diez, a researcher, points out the contributions of the Fifth Conference on the October Crisis held in Moscow in September.

[Begin Diez recording] The most remarkable contribution of this conference was the participation of Soviet military—now Russian—who were part of Operation (Anadir), and were in Cuba during the October Crisis. It is currently known that 154 nuclear warheads were in Cuba at that time—operational and tactical, and that these warheads were maintained on Cuban territory for 56 days. This information has logically been kept secret, because in the midst of the crisis, U.S. intelligence was never able to detect the arrival or departure of the nuclear warheads.

When the naval blockade was imposed, combat weapons were already in Cuba, ready to be used. Therefore, during the recent conference in Moscow, we stated that the naval blockade of Cuba did not achieve its military goals.

We additionally pointed out that the causes of that crisis are still intact after 32 years; subversive actions continue; economic blockade and policy to ostracize Cuba continue; and the United States is still not willing to discuss these problems with Cuba. [end recording]

### Castro Discusses Domestic Issues, Rafters

*BR2410151994 Paris PARIS MATCH in French 27 Oct 94 pp 92-93*

[Report on interview with President Fidel Castro by Jean-Luc Mano in Havana; date not given: "Castro: 'I will Go To Hell and Meet the Capitalists'"]

[FBIS Translated Excerpt] "The important appointment—as a meeting with Fidel Castro is called here—may be this evening. Stay accessible, and be ready to come at any time." [passage omitted]

Just on midnight, the telephone rings in the bar of the Hotel Nacional: "Come now, the Comandante will receive you." [passage omitted]

The "Greatest Leader" will spend over an hour, in the middle of the night, answering our questions.

He pursues a familiar line: The American blockade is the source of all evil.

[Mano] And the balseros [rafters]?

[Castro] This is a natural emigration from the poor countries to the rich ones, like the Mexicans going to the United States, or the North Africans going to France.

[Mano] Economic failure?

[Castro] Cuba cannot be judged in this way. The Revolution includes some tremendous achievements.

[Mano] The political prisoners?

[Castro] There are none in Cuba. It is a matter of philosophy. A counterrevolutionary in prison is not a political prisoner.

[Mano] The single party?

[Castro] This is the legacy of the Revolution. There is no question of changing it.

[Mano] Torture in the regime's jails?

[Castro] This is a lie.

[Mano] Bill Clinton?

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[Castro] I am not suggesting we meet but, if he wants to come here, he will be welcome.

[Mano] The collapse of communism?

[Castro] I have nostalgia for that era, when the world was not unipolar.

[Mano] Will not history judge you as a dictator who clung to power?

[Castro] You know, history takes a long time to make its judgments. Look at Julius Caesar, Catilina, Brutus... Look at Marat and Robespierre, the French Revolution... All of these are still controversial. [Castro ends]

In short, although he admits that "Cuba has not been free of mistakes" and that the island has in practice lived beyond its means "thanks to aid from the socialist camp," he sees the opening of the free market as nothing more than "an unavoidable concession," as Cuba, in isolation, is no longer capable of building socialism. But there remains "a long way to go before saying that Cuba is marching toward the market economy." A way that Fidel Castro clearly has no wish to go, even backward, and despite pressure from his young reformist ministers.

His departure from power, the burning question in this country divided between loyalty and weariness, is something Castro no longer refuses to contemplate.

[Castro] No one lives for ever.... I am not important. When the situation improves, maybe.... A revolutionary never retires... But I would like to read, to write, to do what I have never been able to do! [Castro ends]

The Havana night is over. So is the interview. A final mischievous glance: "Are we stopping already? Are you tired?" But Castro wants to continue his sermon. Another meeting is planned for this afternoon. [passage omitted]

The end of the afternoon in Havana. We return to the Palace of the Revolution. "How about a mojito?" The cocktails arrive—a mixture of rum, sugar, mint, and lemon, as much a part of life in Havana as pastis is in Marseilles. Fidel drinks a sort of white wine, with an olive swimming in it. The others drink water.

And Fidel talks. He talks, for two hours, about everything, and nothing.

He talks of how he gave away the 17,000 gifts he has received over 25 years: Sportswear went to the AIDS hospital; signed copies of books went to the National Library; precious items went to museums. Everything was given away, with two exceptions. The first was a statuette of the goddess of wealth, a gift from a Chivos Indian. "When they came for it," he recalls with a smile, "I told them: In our situation, leave the goddess of wealth. Leave it in my office!" The second is a little statute of the Virgin, given him by Mother Teresa, to whom, he explains, he sends Cuban nuns. "Mother Teresa is a saint," he adds, taking from his uniform pocket a white handkerchief which never leaves him since he was given it by the Calcutta nun.

He also mentions the pope: "A brave man, but a fundamentalist."

The victor of the Bay of Pigs also refers to his reading. He is presently engrossed in a biography of Bolivar, a treatise on the balance of payments, a book on the environment by the U.S. vice president, "to see if they are really taking a lead," and "Margaret Thatcher's memoirs: Interesting, but I have not finished them."

Castro gradually opens up. His favorite authors: Pablo Neruda, Gabriel Garcia Marquez, who "sends me his books before they are published." Jean-Jacques Rousseau, Victor Hugo, "whose description of the Battle of Waterloo is monumental."

Untiring, he recalls Hemingway, who was his friend. "*The Old Man and the Sea*," he says, "is the story of a man who hunts the big fish, who fights to catch it, and, once he has landed it on the beach, all that is left on his line is the skeleton. What it is, after all, is the story of the human quest."

Later, during the night, over dinner, he pumps us with questions on French agriculture, laughs at anti-Russian jokes, asks us to draw a map showing where Chablis is produced in relation to Sancerre. He likes French wine. "Marchais [former French Communist Party leader] taught me to appreciate it when he came here on vacation; he brought me wine, foie gras, and goat cheese... Alas! He has not done that for a long time!"

It is two in the morning. A final word of farewell. "You know, I'll go to hell, and I know the heat will be unbearable, but it will be less painful than having expected so much from heaven, which never kept its promises... And also, when I arrive, I will meet Marx, Engels, Lenin... And I will meet you too, as capitalists also go to hell, you know. Especially when they like to enjoy life!

A strange meeting. Is it meant as an apology, or a new challenge?

### Assembly To Consider New Bill on ANPP

*FL2210013294 Havana Radio Rebelde Network in Spanish 0000 GMT 22 Oct 94*

[From the "Exclusive" program]

[FBIS Translated Text] A new bill on the organization and operation of the National Assembly of the People's Government [ANPP] will be presented during the next ANPP session. This was announced by Ramon de la Cruz Ochoa, president of the ANPP's Constitutional and Judicial Affairs Commission, who pointed out that the new proposals will lay the groundwork for making national legislative activity more flexible. De la Cruz

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Ochoa added that the bill will help eliminate legislative dichotomies between the Council of State and the ANPP.

### Intellectuals Debate National Identity Values

*FL2110171394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Oct 94*

[From the "NTV" newscast]

[FBIS Translated Text] University professors and intellectuals in Santiago de Cuba Province are debating the values of national identity in response to the challenges that the Revolution is currently facing. After an apparent withdrawal [repliegue] in the face of Cuba's current situation, the Ministries of Culture and Education, and the National Union of Cuban Writers and Artists [UNEAC] have begun, in Santiago de Cuba, an extensive and frank national debate that involves all intellectuals and university professors of the country. The discussions began with a discourse by Culture Minister Armando Hart Davalos and seek to spark a dialogue that highlights our national values. From the discussion they hope to obtain an outlook that is authentically Cuban in the midst of a unipolar world, as well as a sense of our culture with its ideology in a time when foreign cultures are being put above the national. In the face of this, cultural cohesion and the discovery of our national roots as well as Marti's writings become even more important. That is why the following warning should not seem as an exaggeration:

[Begin Hart recording] It is a matter of life or death and we cannot afford the luxury of making mistakes. [end recording]

Hart went on to say: We must reflect on the Revolution, or better yet, revolutionize our reflections.

After the debate, the declaration of Oriente University was approved which promoted similar processes for all provinces. Juan Carlos Robinson, first secretary of the Communist Party of Cuba in Santiago de Cuba Province, explained the challenge of these meetings.

[Begin Robinson recording] We have the need to reinsert ourselves in a unipolar world, on the one hand, and to find an outlook that corresponds to the economic moment that our country is facing and that will help us overcome this victoriously, on the other. This brings us to discuss the issues that we have been debating here, which has been done in such a revolutionary manner this morning. [end recording]

Similar debates will be held in all universities of the country and in cultural institutions but this will only be the beginning because they hope that the process will involve the largest number of people because the truth is that these are issues that have to do with all Cubans, issues toward which we can all contribute something.

### Commentary Views National Identity

*FL2110185894 Havana Radio Rebelde Network in Spanish 1255 GMT 21 Oct 94*

["Our Opinion" commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Something well-known is that the productive forces are society's most dynamic element, however, this does not mean they can change things on their own. Nevertheless, their development does cause changes, some imperceptible, until the accumulation of these changes leads to transformations in the economic and political structure of society. True leaps are what history has termed revolutions. This is true, because the old disappears and new relations amaong men appear and with time they turn into traditions and new cultural forms of national sentiment.

The fact that development occurs in this manner determines that the ideas of man do not advance at the same speed as the changes do. On the contrary, during a long period of time, the old concepts are still in force and this slows down new values, culture, and trying to establish itself. There is only a small group of people who understand, immediately, what the new systems mean in the way of progress and civilization and thereby act accordingly. They are the vanguard. Their role in human development is indispensable.

During that period new social relations and ideas struggle to take root and the old ones struggle to avoid disappearing. This is known as a period of transition, as we all know. We have been and are now part of such a process.

During the 35 years of the Revolution, perhaps this is the epoch of major social upheaval in Cuba, because not only are we fighting against the old ideas and concepts that existed and exist in ourselves, but, at the same time, we have had to fight the propaganda campaigns and actions of the empire aimed at destroying the Revolution. We have had to look for, with certain errors and imprecision, stabile economic development. We had to put an end to the social unfairness that existed in Cuba, to the illiteracy, ignorance, and lack of sanitary conditions. We had to put an end to the isolation of whole areas and provinces, unemployment, poverty, and misery which characterized our fields and cities. Some with bad memories cannot or do not want to remember these things. This was a huge task. It was filled with dangers and traps in which man—in the human sense of the word—was the focus of all changes. For the good of man, laws and transformations were promoted. Their objectives were very human, but socially they were not what was required at the time. Paternalism, egalitarianism, and in general, our labor laws are good examples.

Many times I have asked myself if we the people had the cultural capacity to understand what we were being offered and what we were being asked to do. Perhaps the greatest idealism in Cuba has been to think that we, who

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have come from a capitalistic society—undeveloped and dependent—were ready to assimilate what was being handed to us; the freedom to construct a free society, with its virtues and vices, but one of our own making. I say this because 35 years have elapsed and in this desperate economic situation, which derives from the disappearance of the socialist camp and from the errors made in the conduct of the economy, old ideas emerge, as if by magic, as if they had been waiting for the right moment to appear and take over the minds of people and society.

The special period gave way to the growth of the black market, but it also facilitated a return to individualism, to capitalistic ideas which generate poverty, the kind that we had in Cuba, and why not say it, to certain ideas of annexation. All of this has great social logic, but it is a dangerous sign of cowardice. I think that I do not offend anyone when I cite a phrase from Jose Ortega y Gasset, a rightist Spanish philosopher: Culture is an organic form of thought and behavior; and another from Miguel de Unamuno: Man should not live on a day to day basis, but by centuries. Both are true and express circumstances that we face today.

Our culture, in which our national identity plays a major role, should serve to better understand the times in which we are living, as well as the necessary changes that will have to take place; changes that will be of a socialist nature and will, especially, follow Marti's philosophy. Living by centuries, not day to day, we must be aware that what we do not give ourselves, no one will give us; moreover, they take things away from us. That is what this is all about, right now, this very moment.

## Agriculture Minister Discusses Trade Fairs

*FL2510001094 Havana Radio Reloj Network in Spanish 2051 GMT 24 Oct 94*

[FBIS Translated Text] Alfredo Jordan Morales, member of the Politburo and minister of Agriculture, stated on 24 October that the agricultural and trade fairs that took place in the capitals of several provinces have yielded good results.

On 23 October, Jordan toured a fair in Las Tunas Province, where people bought many products in a single day, including meats, vegetables, fruits, and utensils, for hundreds of thousands of pesos. This fair was held in the installations of the 26 de Julio Park, where agricultural products, manufactured products, and other materials were sold. There was dancing, other recreational activities, and plenty of food.

Jordan pointed out that these fairs, together with the farmers markets, will contribute to solving people's problems, increasing agricultural production, and decreasing excess currency.

## Roundup of Economic Developments

*FL2210191794*

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 22 October.

Villa Clara Province is reporting the best sugarcane planting and weeding campaign in the last five years. During September and October, 435 caballerias were planted, and over 3,000 caballerias were weeded by hand and mechanically by 22,000 workers. The highly productive Hector Rodriguez complex has weeded 95 percent of its area and planted over one caballeria per day by working 10 to 12 hours per day. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 13 Oct 94)

Two new citrus-producing enterprises were formed in Holguin to supply the domestic and international market. More than 90 caballerias have been planted in one of these enterprises, which is managed by four Basic Cooperative Production Units [UBPC's]. By July 1995, they hope to produce more than 200,000 quintals for exportation (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 13 Oct 94)

The Hotel Santiago in Santiago de Cuba is reporting a 60-percent occupancy rate, despite last August's antisocial disturbances in Havana. Foreign confidence in the Cuban tourism industry has been reestablished and the hotel observed its third anniversary on 15 October with $4 million in revenues—already more than in 1993. The hotel workers' goals of contributing $12,000 in tips to the health sector and of making 80 blood donations have almost been reached. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 14 Oct 94)

The Uruguay Agroindustrial Complex in Sancti Spiritus is laboring on the sugarcane industry recovery program. The complex is engaged in maintenance, repairs, and installation of a rotating sieve aimed at increasing efficiency. Additionally, over 200 of the 510 sugarcane caballerias considered vital to double production in the 1995-1996 season have been planted; the rest are expected to be planted by December. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 14 Oct 94)

Despite shortages, heavy rains, and labor difficulties, winter planting in Havana Province will be better than last year. Plowing has begun on over 600 caballerias. Cabbage, tomato, and yam planting is only slightly behind schedule. Rain has caused some planting delays, but workers are redoubling efforts to complete planting on time and will concentrate on planting potatoes in November. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Oct 94)

Villa Clara tobacco producers have pledged to deliver 75,612 quintals of tobacco—a higher volume than last year—to the Collection and Processing Enterprise by 10

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October. This volume will be produced by cooperatives and individual farmers. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Oct 94)

A Villa Clara agriculture representative reports delays in tobacco planting. Sixty percent of workers' resources pledged by the Spanish enterprise Tabacalera S.A., have been delivered. Agriculture Ministry continues to implement Resolution 357, regulating distribution of land to those interested in tobacco farming. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Oct 94)

Specialists from Grito de Baire Industrial Military Enterprise are successfully producing parts for Russian-made color, and Caribe brand black-and-white televisions. Production cost is low because all components are available in Cuba. Domestic Trade Ministry requested 10,000 of these parts during October-December. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Oct 94)

The turbogenerator unit of plant no. 5 in Mariel will be rebuilt by December. The (Ecoin Dos) contingent, working with the Electric Plants Maintenance Enterprise, has completed major repairs on plants no. 2 at the Havana Electric Plant and no. 6 at the Maximo Gomez electric Plant in Mariel, both 100-megawatt units. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Oct 94)

In Las Tunas, 600 caballerias of sugarcane have been planted and over 8,000 have been manually weeded since July. Approximately 7,400 caballerias have been treated with herbicide and 15 percent of the sugarcane fields of the seven complexes in Las Tunas have weeds. Although an additional 200 caballerias are now prepared for planting, plowing is behind schedule due to machinery shortages. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Oct 94)

In Villa Clara, 50 percent of the winter planting goal has been met, with 800 caballerias of sugarcane planted. Workers expressed determination to plant the rest although it is considered "practically unattainable" because of difficulties in land preparation due to heavy rains. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Oct 94)

The Italy-Cuba Association, a solidarity group, has donated $1 million worth of antibiotics, vitamins, bicycle parts, and agricultural equipment to Cuba. (Havana Radio Rebelde Network in Spanish 1800 GMT 19 Oct)

Workers of the (Ecoin Dos) Contingent finished installing the third 100-megawatt generator at the electric plant east of Havana. The generator is ready for testing and is expected to be operational by February 1995. This will improve electricity supply, severely disrupted over the last few years for lack of fuel and technology. (Havana Radio Reloj Network in Spanish 2032 GMT 19 Oct 94)

The World Doctors Nongovernmental Organization from France sent a donation to Cuba consisting of 200 tons of food and medicine. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 94)

The UN Food and Agriculture Organization donated an irrigation system valued at $100,000 for the development of banana crops. The technology was installed in the Ernesto Perez Agricultural-Livestock Cooperative in Guira de Melena to help increase yields. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 94)

A Melena del Sur farm will begin harvesting 25 caballerias of soy beans, to be used as feed for livestock farms in that municipality. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 94)

A total of 40,000 cans of coffee have been harvested in Mayari Municipality, Holguin, since the present coffee harvest began on 27 August. This figure represents 80 percent of their goal which is very beneficial to the national economy. On some farms, more than 2,000 cans are collected per shift. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 94)

Workers in Camaguey broke provincial record by building 3,237 homes in nine months. This figure was reached under the housing construction program, using low-cost technology, without compromising structural integrity, design, or aesthetics. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 94)

Sales of Cuban books surpassed $500,000 so far in 1994. Besides its contribution to Cuba's economy, this money allows for subsidizing the work developed by the Cuban Book Institute. Efforts are being made to introduce the Cuban editorial industry to foreign countries, but without neglecting the national market, libraries, and schools. (Havana Radio Rebelde Network in Spanish 0000 GMT 21 Oct 94)

Oviedo University in Spain, and Cienfuegos University in Cuba have signed a collaboration agreement which involve post-graduate and master degrees, fellowships, joint programs, special courses, and the exchange of publications. In addition, Oviedo University has made important donations, such as valuable journals and texts. (Havana Radio Rebelde Network in Spanish 1800 GMT 21 Oct 94)

The first Cuban-made automatic crane to load sugar into cargo vessels is undergoing fine tuning; will be ready for operation during next harvest in Palo Alto, South of Ciego de Avila Province. This type of crane, worth approximately $6,000 on the international market, has been completely designed and built in Cuba, and can load 750 tons per hour. (Havana Radio Reloj Network in Spanish 2040 GMT 21 Oct)

The Spanish nongovernmental group, Association for Cooperation With the South, La Segovia, presented Havana's Americo Arias Maternity Hospital with a

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donation of supplies worth $50,000. (Havana Radio Rebelde Network in Spanish 0000 GMT 22 Oct)

Oil production in Matanzas Province is increasing. Workers expect to break production records in December 94, and also in 1995. Over 2,900 tons per day were extracted during the first 17 days of October. This pace will create end-of-year production exceeding 918,000 tons. Additionally, there is processing efficiency and availability of ships to transport oil to industries. The goal is to exceed 1 million tons in 1995. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Oct)

In Havana City, 10 new brigades have been created to repair gas leaks in homes and residential areas. These brigades have received 10 vehicles donated by the Revolutionary Armed Forces. The repair work is to be carried out by workers on 12-hour work shifts. Repairs are already underway in Habana Vieja, Plaza de la Revolucion, Centro Habana, Diez de Octubre, and Cerro Municipalities. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Oct)

### Havana Province Sugar Harvest Planning Under Way

*FL2410192294 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Oct 94*

[From the "NTV" newscast]

[FBIS Translated Text] Havana Province's upcoming sugarcane harvest is being planned step by step to guarantee that resources are used correctly. Although there is a shortfall in equipment and machinery, efforts are being made to recruit the province's best and most experienced operators to carry out each step of the operation.

The efficiency assemblies have noted certain irregularities that most be corrected to have a successful harvest. The basic cooperative production units [UBPC] are having trouble getting their work force to participate, some reporting a more than 10-percent absentism rate, problems working the soil, and getting men to answer the call to return to the earth. All of this is due to a lack of occupational discipline and of compliance with regulations.

[Begin recording] [First unidentified speaker] It is our province's most serious problem. We—the provincial branches of the Cuban Communist Party [PCC], Cuban Workers Federation, the unions, and the Union of Young Communists—must shape up. The task must be carried out in each municipality. There is no reason to continue beating around the bush: The only problem is that we do not work enough.

[Second unidentified speaker] The UBPC must be like the cooperatives: The boss sets the example in the most prestigious cooperatives, whether they grow miscellaneous crops or sugarcane. [end recording]

As for miscellaneous crops, a report is being prepared on increased food production, efforts to meet this month's pledge to supply products to the state, and sales at the farmers markets in which independent farmers have been participating. The PCC provincial plenum also covered the tasks that have been implemented to revitalize the Days of Defense, as well as the requirements that the province must meet before it is declared a territory in the second phase of defensive readiness.

### Official Discusses Harvest

*FL2410235394 Havana Radio Rebelde Network in Spanish 1000 GMT 24 Oct 94*

[From the "Doing Radio" program]

[FBIS Translated Text] In Pinar del Rio Province, sugarcane workers have prioritized their efforts in sugarcane planting, as well as in weeding, primarily in the areas of newly planted cane. They are striving to correct the difficult situation, thus guaranteeing future harvests.

Ruben Calvo Tapia, provincial delegate of the Ministry of the Sugar Industry, stated that Cuba's lack of resources and its subjective problems are the fundamental factors conspiring against the province's sugar production. Calvo pointed out that in the (Huerta Abajo) area, 45 percent of the sugarcane planted during the first six months of this year had been lost.

This year's harvest will be short and efficient. There is a possibility that 4,000 canecutters will participate in the sugarcane harvest in San Cristobal and Bahia Honda Municipalities, areas heavily planted with sugarcane. Also situated in this area are four of the five sugarcane complexes in the province.

### Roundup of Politburo Members' Activities

*FL2210024694*

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 21 October.

Candido Palmero Hernandez has attended a provincial committee meeting of the Union of Young Communists at Havana's Olo Pantoja school, held to prepare a provincial work plan to cover the period to September 1995. (Havana Radio Progreso Network in Spanish 1200 GMT 13 Oct 94)

Pedro Ross Leal has met Cuban Workers Federation officials from all over the country in Havana City. (Havana Radio Rebelde Network in Spanish 0000 GMT 13 Oct 94)

Pedro Ross Leal and Candido Palmero have opened the tobacco-planting season in Havana. Planting will take place on 11 basic cooperative production units (UBPC) and two state farms, where 65 caballerias will be planted

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before year's end. (Havana Radio Progreso Network in Spanish 1200 GMT 20 Oct 94)

Jose Ramon Balaguer has stressed the importance of linking the work of university researchers and agricultural workers. Balaguer, who was speaking in Bayamo Municipality, Granma Province, pointed out that Granma Province has all the basic resources needed to develop any type of technology and to feed its people. He stressed that higher education and research is very important, particularly in the agricultural sector. (Havana Radio Reloj Network in Spanish 2049 GMT 13 Oct 94)

Jose Ramon Balaguer has attended a meeting in Granma Province of the Cuban Communist Party's provincial leadership and presidents of local government organizations. Balaguer stressed the importance of strengthening worker ideology, particularly regarding their areas of responsibility and their duty to society. (Havana Radio Reloj Network in Spanish 1507 GMT 19 Oct 94)

Jose Ramon Machado Ventura met delegates from the CPC Central Committee's Propaganda Department upon their arrival in Havana. (Havana Radio Rebelde Network in Spanish 0000 GMT 13 Oct 94)

Osmany Cienfuegos has helped kick off this year's Spanish Tourism Federation meeting, being held at the Havana Convention Center. Cienfuegos and Spanish Ambassador to Cuba Jose Antonio San Gil Agustin welcomed more than 350 Spanish travel agency delegates. Cienfuegos said that Cuba has more than just sun and beach, inviting delegates to experience Cuban history, culture, and legend. (Havana Radio Rebelde Network in Spanish 1255 GMT 18 Oct 94)

Yadira Garcia has attended a meeting in Matanzas Province, during which preparations for the forthcoming sugarcane harvest were discussed. Garcia stressed that it is important that sugarcane harvesters solve their self-consumption problems and supply workers' families with products, thus improving their standard of living. (Havana Radio Rebelde Network in Spanish 0000 GMT 18 Oct 94)

Nelson Torres has called on UBPCs to restore labor discipline to attain a more efficient harvest. Torres told a meeting of managers from more than 100 UBPCs in Ciego de Avila Province that too many meetings and assigning personnel to secondary duties are signs of inefficiency. (Havana Radio Rebelde Network in Spanish 0000 GMT 22 Oct 94)

### Marianao Residents Discuss Water Problems

*FL2510011294 Havana Radio Rebelde Network in Spanish 1255 GMT 24 Oct 94*

[Interview with residents of Reparto Zamora in Marianao Municipality, Havana City, by correspondent Carlos Rafael Jimenez; from the "Doing Radio" program—live]

[FBIS Translated Text] [Jimenez] Yes, I am here in Reparto Zamora in Marianao. I am talking with Maria Josefa Gonzalez.

[Gonzalez] I wanted to say that it has been a year since we have not been without water. We have written letters and all sorts of things, but the problem still exists. After the director of the aqueduct authority came, we had water twice. Since then we have not had any more water.

[Jimenez] When who came?

[Gonzalez] The director of the aqueduct authority. I do not remember her name right now. When she came, we had water. It reached the homes. She told us we would begin to receive that service, that we would have a schedule. That schedule was never established because we have not had any water.

[Jimenez] Then she brought the water with her.

[Gonzalez] It seems that she brought the water with her.

[Jimenez] She must be a magician then.

[Gonzalez] Yes, she must be, because she brought the water and when she left, the water disappeared with her. Since then, we have not received water in Zamora.

[Jimenez] Except when the municipal director came.

[Gonzalez] Yes, when she came, we had water twice and after that, no more.

[Jimenez] When she came, did they break anything? Did they do any kind of work?

[Gonzalez] No, nothing was done. All she said was that they were taking water from (Cocosolo), or I do not know where, until the problem is solved. She went on to tell us that we would have a schedule. That schedule has still not been established. It has been several days since we have had water.

[Jimenez] Where then do you get the water to bathe?

[Gonzalez] We must get water from a siphon.

[Jimenez] How far do you have to go to get the water?

[Gonzalez] The siphon is two blocks from my home on 122d Street.

[Jimenez] How long has it been since you have had water service?

[Gonzalez] It has been one year. There are many neighbors who have not received water in two years. I used to get water and they used to get theirs from the tanker trucks. After they dug up and repaired the streets, we have not had water. Furthermore, the people in Zamora believe that when they repaired the system in (Cocosol), they took the water from us. We want someone to tell us if this is true or false.

[Jimenez] Nevertheless, they have dug up the streets. There is evidence that some work has been done.

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[First unidentified resident] That is precisely what I wanted to talk about. First of all, I would like to greet Comrades Ana Margarita and Roberto Cavada [anchors of the "Doing Radio" program]. I sent the first letter to the municipal aqueduct when they began repairs between 25th and 33d street. They had excavated in about 17 different places. I asked if it was a problem with the pressure or supply. They said it could be either of the two. They left and the situation worsened. The area that has water problems covers almost the entire neighborhood. I therefore sent a second letter, but this time I sent it to you, so that you can make our problem known, so it is known that we are carrying water from a siphon. We got used to carrying the water from 29th Street. Then we got used to carrying the water from 122d and 31st Streets.

[Jimenez] What do you mean when you say that you got used to this?

[First unidentified resident] We had to get used to this because a solution to the problem was not found. The solution is for us to receive water in our homes and not to have to go out to get water from a tanker truck. The women who had to work cannot go to work because they must wait at home for the tanker truck to pass by. If they go to work and the tanker truck passes by, they cannot get water because the water from the siphon goes away.

[Jimenez] Some say that it has been this way one year, others say two and others, three.

[First unidentified resident] It has been like this for at least three years. For example...

[Jimenez, interrupting] Before then, did you get water in your homes?

[First unidentified resident] Yes, we had water in our homes.

[Second unidentified resident] We used to get water, even in the bathrooms. Ever since they repaired the system on 37th Street to provide water to (Cocosol), we stopped receiving water. Since then, water has not reached my home. The pipes in my home are already corroded. Before, we used to have water in the bathrooms and in our tanks. We deduce that the repairs on 37th Street is what affected us.

[Jimenez] Have the Revolutionary Armed Forces [FAR] brigades come here?

[Third unidentified speaker] There are 18 brigades around there but they still have not come here. I know those brigades are working to solve the problem, but it is necessary for them to come to Zamora because there are many elderly people who have to carry their water.

[Jimenez] It does not seem like a problem with leaks because they are trying to repair all the leaks. Everyone is facing the same situation.

[Third unidentified speaker] We do not know if these are problems caused by leaks or what. What we do know is that we are carrying water and every time the tanker trucks come, we have to carry the water or else we do not have water in our homes.

[Jimenez] Perhaps if the municipal director were to come here every day for a stroll, it would solve the problem.

[Gonzalez] That is the problem because when she came, we received water in our homes. She explained that we would receive water on a schedule. That schedule has not yet been established. Then the next time she came by, we received water. Since then, we have not received water. In Zamora, in general, there is no water. We must say it clearly. There is no water.

[Jimenez] What does the delegate have to say?

[Fourth unidentified speaker] No, I am not the delegate. I am the president of the People's Council. We must say that (Cocosol's) situation has nothing to do with this because it is an independent installation. Secondly, it is not a secret and anyone who reads the press or listens to the radio knows the situation we have in (Juyola) and (Ariguanabo). There is low pressure in the system. We have already made the first test, and with adequate pressure, the water reached the homes. Work continues because this same building the comrade was talking about received water during the tests. In other words, this is a pressure problem, not a matter of distribution or leaks. There are leaks, but we are working on correcting those problems. We are working on 116th and 35th Streets, which is where we have the most leaks. I would say that the leaks are not a fundamental factor. It is a problem with the pressure of the pumps in (Bocuyuela) and (Ariguanabo), which are not working at full capacity. That is the situation. We continue to work and we can say that the first result was that the water reached the homes. Another thing we are concerned about is revising the use of valves, which could also bring about negative consequences.

[Jimenez] Then you are saying that the water service was not restored because the municipal aqueduct director visited the area.

[Fourth unidentified speaker] Right. Water service was restored to run some tests. Not only because of that, but because of the pressure the People's Council put on them to solve the problem. They know very well that the council has been working hard in this respect. It is true that some comrades have asked whether they are looking for water or for oil. Unfortunately, they are the technicians and must excavate here and there. I would say that there are already seven holes. We have already reached the conclusion that the problem is not clogged pipes, but low pressure.

[Jimenez] Since when has this problem existed?

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[Fourth unidentified speaker] The situation here in Zamora has been chaotic for two years now. I mean chaotic.

[Jimenez] We have been talking with residents in Reparto Zamora on the problems with the aqueduct and the water service.

[Fourth unidentified speaker] We must let the technicians and engineers work to repair the system. A valve was just changed on 124th and 35th Streets. Everyone saw that. Everyone has been able to see that the aqueduct authority is working.

[Gonzalez] Yes, we know that efforts are being made, but what we want is for this situation to be solved because we are human beings and we are having to carry water to our homes. This situation is hard to tolerate year after year and day after day. We know things are being done, but until when must we wait?

[Jimenez] As I was saying, we are in Reparto Zamora reporting on problems with the aqueduct, which are also affecting many other neighborhoods in Havana City.

## Bahamas

### Defense Force Picks Up 90 Haitians at Sea 23 Oct

*FL2410144694 Nassau Bahamas Radio Network in English 1130 GMT 24 Oct 94*

[FBIS Transcribed Text] It's been just over a week now since Haitian President Jean-Bertrand Aristide returned to that Caribbean nation, and already some Haitians are apparently still fleeing their homeland. Yesterda , 90 Haitians were picked up by Defense Force officers off the shores of New Providence. The illegal immigrants, which included women and children, were taken to the Defense Force (?Current Harbor) base and will be turned over to immigration authorities. And Abaconians [have been] told that the Bahamas and the United States will continue to mount joint efforts on various issues, including the Haitian dilemma. This according to U.S. Ambassador His Excellency Mr. Sidney Williams, who addressed a town meeting while in Abaco this past weekend.

## Haiti

### Spokesman: Aristide To Name Prime Minister in 'Few Hours'

*FL2410180594 Port-au-Prince Radio Metropole in French 1500 GMT 24 Oct 94*

[Report by Rothschild Francois, Jr., from the National Palace, in Port-au-Prince—live]

[FBIS Translated Text] [Announcer] President Jean-Bertrand Aristide met Lakhdar Brahimi, the UN envoy who arrived in Port-au-Prince on 23 October, during a celebration marking the UN's birthday this morning. We have learned that a new prime minister will be named today, right Rothschild?

[Francois] Yvon Neptune, the man who President Aristide introduced as his new spokesman, said that the leader of the next government will be named in a few hours. The leader will be officially named after he is confirmed, after his policy on the Haitian Parliament is confirmed. Reports circulating through the National Palace point to businessman Smarck Michel, who President Aristide has considered to lead the next government. We can confirm that when asked today whether it would be a man or a woman, President Aristide said it would be a man. Neptune said that the name would probably be released in a few hours.

There was a celebration at the National Palace today, as President Aristide met Lakhdar Brahimi, the new UN special representative to Haiti. He arrived in Port-au-Prince on 23 October and met President Aristide this morning. President Aristide delivered an address at the National Palace during which he praised the United Nations for playing a key role in restoring democracy in Haiti. President Aristide said that 15 October marks an historic watershed: For the first time (?in history), an exiled president has been returned to his country with the international community's help. President Jean-Bertrand Aristide recalled that the United Nations came on the Haitian scene in 1990, supervising, organizing, and supporting the 1990 elections. He thanked Butrus Butrus-Ghali and the UN family for their support and for helping him return to Haiti. President Aristide pointed out that a new nation can be built with the international community's help:

[Begin Aristide recording] The date 15 October 1994 marks an unprecedented, historic event. The UN Mission for Haiti will soon be set up according to Resolution 940, accompanying the consolidation of democracy in a climate of peace, reconciliation, respect, and justice. With this, security has been ensured and a new era has begun for the Haitian people. We can rebuild our dear Haiti with the international community's help. We are ready to take up the challenge of the future with the United Nations. [end recording]

[Francois] That was President Jean-Bertrand Aristide.

Brahimi confirmed that the great UN family would like to help Haiti become a developed nation, a nation where peace and justice prevail, with national reconciliation in mind.

Brahimi, the new UN special representative, was President Jean-Bertrand Aristide's guest at the National Palace this morning, on the occasion of the UN's birthday.

### Pro-Aristide Group Plans 30 Oct Demonstration

*FL2410233694 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Oct 94*

[FBIS Translated Excerpts] The Committee for the Defense of National Interests [KODEN], a pro-Aristide

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organization, plans to stage a demonstration on 30 October favoring national reconciliation. Saurel Beaujour calls for formation of a government of national concord.

[Begin Beaujour recording, in Creole] KODEN believes President Aristide must be a mediator, a liberator, the president of all Haitians, because he has the necessary means to reconcile all the families who have been divided in the country for so long. President Aristide said: I am the president of both those who struggled for my return and those who did not want me to return. [passage omitted]

KODEN believes and will remain convinced that reconciliation is peace and tranquillity. It is solidarity, sincerity, and loyalty, for lasting development. [end recording]

### Military Human Rights Abusers To Be 'Compensated' by U.S.

*FL2410231794 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Oct 94*

[FBIS Translated Excerpt] The work of weeding out the Haitian Army began at Camp d'Application on 23 October, according to a phone conversation with a high-ranking officer of the Haitian Army. In collaboration with the Haitian Government, the Americans have undertaken to weed out the Haitian Army. A five-colonel commission, chosen by President Aristide on 21 October, selected 375 men from the Haitian Armed Forces [FADH], who will begin a training session on 23 October. AFP reports that this training is planned for the new police school, under the aegis of U.S. forces.

Between now and the middle of December, a total of 1,500 former soldiers and policemen—Guantanamo refugees who have been recruited as policemen—will be in charge of ensuring the safety of the population while awaiting the first graduation of 3,000 from the police school next April following a training period of four months.

Still within the scope of this program aimed at weeding out the FADH, we learned from U.S. sources in Port-au-Prince that soldiers demobilized for human rights violations will be compensated by the United States. [passage omitted]

### International Effort To Train Police To Begin 24 Oct

*FL2410152094 Nassau Bahamas Radio Network in English 1200 GMT 24 Oct 94*

[From the "International Report" program]

[FBIS Transcribed Text] The UN special envoy to Haiti arrived on Sunday for a six-day visit that is to include talks with President Jean-Bertrand Aristide and dozens of other political and business leaders. Lakhdar Brahimi, the special envoy, was met at the capital's international airport by Foreign Minister Claudette Werleigh and Port-au-Prince Mayor Evans Paul and several diplomats. Aides to the president said the two men would meet at the presidential palace this morning, after which Aristide would welcome delegates from the Inter-American Commission for Human Rights who arrived on the same flight as Brahimi. Also accompanying the former Algerian foreign minister was General Joseph Maurice Baril, military adviser to UN Secretary Butrus Butrus-Ghali. Brahimi is making his first trip to Haiti since his appointment last month.

Meantime, an international effort to retrain Haiti's feared police begins today. The U.S. Justice Department is sponsoring a series of weekly programs for carefully screening recruits, aimed at building a 3,000-strong interim force by mid-December. A special U.S. Justice Department unit is overseeing the training for the first 375 by American police, Royal Canadian Mounted Police, and others, who will teach through interpreters speaking Haitian Creole. Interim training will take place at a military base on the outskirts of the capital, where the Haitian Army heavy weapons company was based. Students were checked for past human rights abuses through a special commission established by President Jean-Bertrand, who returned to the country on 15 October.

The need for training was underscored by what appeared to be an act of vigilante justice on Sunday morning, when a man was found hacked to death by a machete near Port-au-Prince.

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### State Governor, Education Secretary on Proposition 187

*PA2510025894 Mexico City Radio ACIR Network in Spanish 0000 GMT 25 Oct 94*

[Report by Rocio Aragon and Emma Galvan; from the "Evening News Panorama" newscast]

[FBIS Translated Text] [Unidentified announcer] Oaxaca State Governor Teodoro Carrasco Altamirano has recognized that the work done by immigrants in California has been essential for the economy of that U.S. state. Rocio Aragon has the story:

[Aragon] Oaxaca Governor Carrasco has said during a news conference in Puerto Escondido that the wealth of California, whose economy is one of the largest in the United States, has been founded on the labor by immigrants such as those from Oaxaca, adding that preserving and broadening our cultural identity is one the priorities of his government. He has stressed his belief that Pete Wilson's attitude is completely discriminatory, harms the dignity of our fellow countrymen and all immigrants, and generates a number of serious social implications for Californian society itself.

He has also said we govern for Oaxaca residents, and we are interested in Oaxaca residents living in and outside our territory. Governor Carrasco has maintained that Wilson is attempting to cancel education and health services to immigrants living in that U.S. state. He has said he has received no reply almost one week after sending a letter of protest to Wilson. He believes, however, the recent wave of opinions on the case by Presidents Carlos Salinas and William Clinton, as well as by legislators and political forces, will undoubtedly contribute to reverting this measure to favor our fellow countrymen. Oaxaca residents go to California not only to seek a worthy job but also to contribute, as they have for decades, to the shaping of one of the largest U.S. economies, Carrasco has said.

[Announcer] Meanwhile, in Mexico City, Education Secretary Jose Angel Pescador Osuna has viewed Wilson's initiative as a contradiction to the bilateral policies the United States and Mexico have historically maintained, adding the situation is delicate, because much more difficult obstacles could emerge. Emma Galvan has filed a report:

[Galvan] Secretary Pescador said Proposition 187 contravenes the bilateral policies the United States and Mexico have maintained throughout history. The attitude taken by Californian authorities is risky, because a xenophobic problem could lead to a much more difficult situation that could hamper the relations between the two countries. Pescador added, however, we do not maintain diplomatic contacts with Governor Wilson only.

[Begin Pescador recording] Proposition 187 restricts social benefits [words indistinct] documents; it also restricts medical benefits, because it states that only serious cases will be attended. How do we know what the serious cases are? This procedure could be much more expensive, because it could generate more diseases. Proposition 187 also restricts education services. In addition, it compels police authorities to investigate the immigration status of people, a point which the U.S. laws do not stipulate. Any policeman could probe into the immigration status of people. [end recording]

[Galvan] Questioned after he opened the International Seminar on Higher Education in Mexico, which is sponsored by the American Council on Education, the education secretary said this proposition will not be approved, because it attempts against the human rights of illegal aliens, particularly the rights of children who deserve a worthy life and education, as stipulated in the World Childhood Summit.

He stressed this proposal must be thoroughly analyzed, because many people are unaware of its real meaning. He said it authorizes even a teacher or a principal to report children of illegal aliens to immigration authorities. Should this initiative be approved, the situation would worsen, because any U.S. police authority could investigate the immigration status of Mexicans in general, something not stipulated by the U.S. laws.

### Report Examines Origin of Zapatist Movement

*PA2410024494 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 19 Oct 94*

[Report by Francisco Trejos; from the "Early Morning" newscast—passages within quotations recorded]

[FBIS Translated Text] Contrary to popular belief, the Zapatist movement did not originate in Chiapas but began in Torreon, Coahuila, during the early 1970's.

This three-part report we will present concerns an isolated movement in La Laguna, an area influenced heavily by the activities of secular and Jesuit priests who have been working in the region for more than a decade:

[Father Jesus de la Torre] "Eleven priests more or less were involved with the popular urban movement as well as with the peasant movement. I cannot deny the fact that the ingredient of the theology of liberation was part of this movement of conscience awareness. At any rate, we should receive some acknowledgement, because the people have been able to mature as a result of this influence."

Likewise, recently graduated university students instilled with Marxist and Maoist ideology began to work in the region with the same objective in mind:

[De la Torre] "The youngsters I have met were more involved in political issues and have become high-ranking members of the government. I can mention Andres Araujo in this respect."

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Despite the teachings of awareness by the priests working in the region at the time, the young activists were also instilled with the ingredient of political gains:

[De la Torre] "The main concern on many occasions was to seek out these movements in which it was possible to rapidly create situations of social demands that would attract publicity. The movement was dropped afterward."

At the same time, the Jesuits developed a school of leadership training geared primarily to La Laguna and Monterrey businessmen which began to spread to other social classes later.

San Cristobal Bishop Samuel Ruiz participated in spiritual retreats during the mid-1970's:

[De la Torre] "I recall that several youngsters whom we could describe as restless would meet with him normally. They met him again in Chiapas several months afterward."

This is the first contact between the movement and the Chiapas problem:

[Jesuit Priest David Hernandez] "The community views the priest as the person who is closest to the people, the one who is always protecting the persecuted, the needy, and the poor. This view confirms once again what I mentioned a few minutes ago that there are repercussions sometimes that even escape the hands of the priests themselves in many occasions. I believe this point could explain what took place in Altos de Chiapas."

It is possible this explanation might clarify why the armed conflict in Altos de Chiapas broke out, and even though it caused positive results in Torreon, it also encouraged the armed conflict in Chiapas.

### Clergymen on Origins of Movement

*PA2410024594 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 20 Oct 94*

[Report by Francisco Trejos from the "Early Morning" newscast—passages within quotations recorded]

[FBIS Translated Text] A group of clergymen from the lay community of La Laguna decided to radicalize their social demands during the 1970's, but their demands found no echo in Torreon, a reason why they opted to move to Altos de Chiapas:

[Bishop Luis Morales] "Certain priests still mention the group that went to Chiapas to encourage certain political movements."

The main weapon these activists used at the time was the Gospel of St. Mark:

[Father Jesus de la Torre] "It has been widely known for several years that the Gospel of St. Mark was extensively taught to the Indians living throughout the community of Altos de Chiapas. It is also well known that the Indian groups readily accepted and even put into practice the Gospel of St. Mark, given it is quite simple as well as a valuable aid to instill awareness."

We have explained in this report how the Zapatist movement originated in Torreon during the 1970's. We are now going to examine how this movement arrived at Altos de Chiapas:

[Jesuit Priest David Hernandez] "Constant contact with abuses, poverty, and ignorance tends to radicalize the individual to such an extent that it creates bitterness. It gets to a point where the individual simply decides to take up a shotgun and start shooting indiscriminately in an attempt to solve the problem."

The priests involved in this movement fell prey to the temptation of radicalizing their positions and decided to adopt methods far removed from their pastoral responsibilities:

[Hernandez] "This group became quite radical. When it came to the point that they became a risk to the group of catechists of the San Cristobal Dioceses, they were eventually rejected by the other priests. The cathechists had two leaders by then; one was the parish leader, the other was the secular leader."

Thus, students and clergymen who referred to themselves as Christians for Socialism traveled to Santiago de Chile to participate in a convention. They decided afterward to relocate to Altos de Chiapas together with other Latin American priests:

[Hernandez] "It was a group of approximately eight priests to whom the people referred as Los Tupamaros. I can assure you those who went to Altos de Chiapas were the same who went on the Santiago de Chile trip together with Monsignor Mendez Arceo."

Initially, the group's pastoral activism was openly accepted by the Altos de Chiapas community. The break with the San Cristobal Dioceses and a conflict of interest developed afterward. They launched the movement that was to be born on 1 January by taking advantage of the infrastructure created by Bishop Samuel Ruiz:

[Hernandez] "I would like to acknowledge that Samuel Ruiz purchased the entire radio network to interconnect Altos de Chiapas by using funds from Germany. I would also like to state this group of parallel leaders began using this Altos de Chiapas radio network for purposes far removed from the gospel or the catechism. They began to use it to plan for training programs and other types of directives."

Very few Torreon residents remember today this chapter of their history, but it is said in the streets that Subcommander Marcos was born somewhere around this region. The fact is that there are more doubts now than at the beginning of the year and that that reconciliation seems more distant than before.

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## Report Previews 58th Annual Banking Convention

*PA2410020094 Mexico City LA JORNADA in Spanish 19 Oct 94 pp 1, 48*

[Report by Roberto Gonzalez Amador and Juan Antonio Zuniga M.]

[FBIS Translated Text] Cancun, Quintana Roo, 18 Oct—The same cake, but for more mouths. A short time before their largest annual celebration, Mexican bankers have another concern in addition to that represented by reduced profits, a larger portfolio of overdue loans, and signs indicating the exchange of information between the Mexican and U.S. Governments to clarify possible money laundering practices have been stepped up.

The bankers have five months to absorb the effects of the competition represented by the establishment in Mexico of 18 of the world's largest banks, which will vie for a customer market that has lost 12 million depositors during the past six years; that is, half of the number that existed in 1988.

One and a half months since the largest banking scandal in the past 25 years, 48 hours after the Finance and Public Credit Secretariat gave the "green light" to the establishment of 18 foreign banks, and 42 days before the change of president, the 58th Banking Convention will be held in this resort on the coast of the Mexican Caribbean with a cosmetic change that will actually be an in-depth change. The Mexican Association of Banks will again be the Association of Mexican Bankers.

According to an official Bank of Mexico report, the national bank system saw the number of depositors reduced by 12 million during this government. In addition, 0.1 percent of the present clients have deposits worth 247 billion new pesos, the equivalent to 63 percent of the system's total deposits and 20 percent of this year's estimated gross national product.

The total number of accounts opened in the national banking system is approximately 12.6 million. On the average, each of the banking system's 12,000 wealthiest clients has deposits amounting to 20.6 million new pesos (20.6 billion old pesos) or approximately $62 million.

Two years before its complete reprivatization, the Mexican banking system not only will have to face the first onslaught of outside competition but will feel the effects of 24 months of learning that has put the system in its most precarious situation since 1982.

According to the National Banking Commission's most recent report, the average profits of Mexican commercial banks were reduced by 21.5 percent from June 1992 to June 1994; capital profits dropped by 47 percent; the yield on assets dropped by 30 percent; the rate on overdue loans rose to 64 percent; allocations for provisions on banks' net profits increased to 55 percent, and gross overdue loans rate rose to 252 percent during the same period.

Political-police events and illegal administrative management by the Cremi-Union Bank Board of Directors president, Carlos Cabal Peniche, have pointed the finger as never before of serious money laundering suspicion at a minimum of 12 banks, U.S. Treasury Secretary Lloyd Bentsen said during his recent visit to Mexico.

Mexican bankers have more reason for concern than for celebration, although they will be guests during this 58th convention of the three makers of NAFTA, in whose context no Canadian bank has been authorized to operate in Mexico.

Here will be former Canadian Prime Minister Brian Mulroney, former U.S. President George Bush, who gave impetus during his government to the now nearly defunct Initiative of the Americas, and Carlos Salinas de Gortari, who will leave the Mexican Presidency in 42 days.

Bank of Mexico Governor Miguel Mancera Aguayo will clear doubts during this convention or give precise figures about the status of the country's international reserves, which are backed up at present by up to $6 billion by the central banks of Canada and the United States. There is also the certainty that approximately $1.214 billion will arrive in Mexico as part of the investments of foreign financial intermediaries during the next five months.

Although both Mexicans and foreigners admit competition in the national banking market will not take place in the field of deposits but, rather, in the area of foreign trade financing, this point is also a cause of concern for Mexican bankers.

Foreign banks have already outlined some of the conditions large corporations must meet to be considered subjects of credit.

According to an internal document of one of these intermediaries, the conditions for accessing foreign bank loans will be the following: "*Impeccable reputation* of the enterprise, the management, and the owners; *regular and continued* participation in international commercial markets; *total annual sales* exceeding between $30 million and $40 million; a healthy position regarding financing, markets, and operation; membership in economic *sectors* with *growth* potential, and complete and adequate documentation on foreign trade activities." (Italics correspond to the original).

According to official figures, 12 banks are in a precarious situation, and the Mexican and U.S. Governments suspect a similar number of other banks at least has been laundering money derived from drug trafficking. Everything is apparently cautiously calm, however, and does not constitute a case for Dr. Freud, as economist Leon Bendesky has said, but, rather, for Dr. Franskentein.

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## Roundup of Economic Developments

*PA2410200194*

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 24 October.

Research by newspaper EL FINANCIERO, based on data from the Finance and Public Credit Secretariat (SHCP), the Bank of Mexico (BANXICO), the National Banking Commission (CNB) and the National Bank of Mexico (BANAMEX), reveals the revamping of the financial system is good business for bank owners and bad business for the national productive apparatus. There are many reasons for this, including the market, economic policies that have been implemented, the financial sector's transition phase, the strengths and weaknesses of every middleman, internal deregulation, the creation of financial groups, and regulation changes. Although banks have been profitable business for their owners, the number of defaulted loans rose 251.8 percent from June 1992 to June 1994. Figures issued by Guillermo Ortiz, deputy secretary of finance and public credit, indicate banks were sold for a little over 37 billion new pesos. Over the course of 28 months, the banks' real earnings rose to almost 18 billion new pesos, or 48 percent the selling price. (Mexico City EL FINANCIERO in Spanish 17 Oct 94 pp 8, 9)

Fernando Sanchez Ugarte, deputy secretary of industry in the Commerce and Industrial Development Secretariat, has said that Mexican exports to the European market total close to $4 billion worth of goods. This figure represents 12 percent of what the country sells to the United States. (Mexico City LA JORNADA in Spanish 18 Oct 94 p 42)

An 18 October report datelined Zacatecas, Zacatecas State, cites that Francisco Rojas Gutierrez, general director of Mexican Petroleum (Pemex), as saying that for every two new pesos of its wealth, PEMEX has one new peso in liabilities. He added that the country's oil reserves total 64.5 billion barrels, which is enough to meet internal demand for the next 50 years. (Mexico City LA JORNADA in Spanish 19 Oct 94 p 50)

The Commerce and Industrial Development Secretariat (SECOFI) has announced the implementation of definite compensatory duties on products from the People's Republic of China. In a resolution published in DIARIO OFICIAL DE LA FEDERACION, SECOFI noted that definite compensatory duties, ranging from 54 to 510 percent, will be levied on textile imports, at the request of the country's textile industry. Compensatory duties on clothing will vary from 379 to 533 percent. There will be a definite compensatory duty of 209 percent on organic chemicals, although products not manufactured in Mexico will be excluded from this. The compensatory duty on pencils will be 451 percent and pencil sharpeners 145 percent. Approved industrial valves will pay a definite compensatory duty ranging from 4 to 105 percent. (Mexico City EL FINANCIERO in Spanish 19 Oct 94 p 20)

An 18 October report datelined Cancun, Quintana Roo State, cites Jose Madariaga Lomeli, incoming president of the Mexican Banking Association, as saying the country's problems are of a political, not economic, nature, unlike those seen in the final days of previous administrations. The exchange rate is stable, and capital is returning to the country, he added. In his opinion, businessmen are not expecting "magic dates" or "extraordinary news" at the end of the current administration, because the horizon is much broader than before. (Mexico City UNOMASUNO in Spanish 19 Oct 94 p 17)

Bilateral trade between Canada and Mexico rose during the first seven months of the year. While imports from Canada totaled $2 billion, Mexican exports increased 41 percent. Under the current circumstances, following the implementation of the Access North America program, the Canadian Embassy expects trade figures to continue growing in the coming years, totaling 10 billion Canadian dollars by the year 2000. The program is designed to help Canadian investors get the best out of NAFTA. (Mexico City LA JORNADA in Spanish 21 Oct 94 p 51)

The banking system's foreign debt dropped 20 percent during the first semester of 1994, standing now at $6.144 billion. The Bank of Mexico reported that there was increased interest in foreign currency loans through the development banks, which tipped the scales in its favor. Recent increases in interest rates have slowed down the trend somewhat, as investors began to seek better conditions elsewhere. (Mexico City EL FINANCIERO in Spanish 21 Oct 94 p 3A)

SECOFI has announced that Mexico surpassed its foreign investment expectations for the current six-year period. As the term draws to an end, figures show that of every three pesos now invested in Mexico, two entered the country during this period. Pedro Noyola, deputy secretary of foreign trade, said that $2 billion more are still in the wings. Deputy Secretary of Industry Fernando Sanchez Ugarte reported that industry welcomed an influx of $9 billion during the first semester of 1994 and that 42 percent of the country's industry is now very active. (Mexico City LA JORNADA in Spanish 21 Oct 94 p 47)

According to a 21 October report datelined Puerto Vallarta, the Mexican Commerce Secretariat has announced that it will impose compensatory quotas of up to 500 percent on Chinese products to help consolidate the local textile industry. An official from the secretariat said that this measure seeks to restructure the domestic market, where unfair practices persist. He added that in this city such practices have displaced national textile products from the market. (Mexico City NOTIMEX in Spanish 1521 GMT 21 Oct 94)

According to a 21 October report datelined Mexico City, Commerce Secretary Jaime Serra Puche has announced that Mexican exports to the United States and Canada grew 37.8 and 40 percent, respectively, during the first eight months of this year. Speaking during a meeting with businessmen, peasants, laborers, and academicians, the official noted that

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Mexican exports in general increased 22.3 percent between January and August, after the North American Free Trade Agreement entered into force on 1 January. (Hamburg DPA in Spanish 2116 GMT 21 Oct 94)

A report issued by the Energy Secretariat indicates that petrochemical production in 1993 reached 20.8 million tons and a value of $6.7 billion, according to a 23 October report datelined Mexico City. A secretariat official pointed out that 80 percent of plant's capacity was in fact being used, and this allowed the industry to have a 1.18 percent share of GDP. The petrochemical industry is divided into 19 areas, in which about $371 million were invested in 1993. The state has 22 percent participation while private capital has the other 78 percent. This industry generated 70,000 jobs last year. (Madrid EFE in Spanish 2325 GMT 23 Oct 94)

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## El Salvador

### Assembly Sends Reno Letter on Salvadorans in U.S.

*PA2510023194 San Salvador EL DIARIO DE HOY in Spanish 24 Oct 94 p 15*

[Text of a letter from the Salvadoran Legislative Assembly to U.S. Attorney General Janet Reno; issued in San Salvador on 19 October]

[FBIS Translated Text] San Salvador, 19 October 1994. Honorable Ms. Janet Reno, attorney general of the United States of North America, Honorable Ms. Attorney General:

We, the deputies of the Salvadoran Legislative Assembly, representatives of the different political factions of the parties, request with due respect your mediation to extend the Salvadorans' stay in the United States and seek mechanisms to guarantee the stay and safety of fellow citizens residing in the United States of North America.

Our letter is prompted by the concern of thousands of Salvadoran families that support their homes with remittances from Salvadorans who work under that program. In addition, we want to point out the effects the Salvadorans' return would have in El Salvador, because our country is facing the difficult phase of reconstruction and compliance with pledges assumed by the government in the peace accords.

Our Assembly is concerned about the economic and social impact in our country, because, naturally, we are facing serious unemployment and problems with crime following 12 years of war. We believe Salvadorans returning from the United States would find it difficult to find a job.

We also notify you that we have sent a letter to the Messrs. Senators and Congressmen so that our petition is studied and so that the extension of the Deferred Deportation Program for Salvadorans is analyzed as a special case of cooperation by the U.S. Government toward our country.

We recognize the guidelines of the U.S. Government's foreign policy toward Latin America, particularly the aid it has always offered El Salvador; thus, we respectfully ask you to consider the case of Salvadorans' deportation as very special. Thus, the U.S. Government will continue to help strengthen Salvadoran democracy and the peace process.

### Convergence Leader Calls for Death Squad Probe

*PA2410190594 San Salvador EL DIARIO DE HOY in Spanish 22 Oct 94 p 3*

[FBIS Translated Text] Ruben Zamora, leader of the leftist Convergence party, yesterday reaffirmed that the government is obligated to investigate the death squads. This statement was made during a news conference, which was supposedly called to announce the appointment of Juan Jose Martell as new party secretary general, a conference that saw the revival of the "squad myth."

When a journalist asked a question about the slander lawsuit filed against Joaquin Villalobos, leader of the ERP [People's Revitalizing Expression], Zamora noted that this was the appropriate time to present a copy of a cablegram that, according to him, the U.S. State Department had declassified recently. It lists several of the country's business, military, and political figures as promoters of clandestine paramilitary groups.

The cablegram that Zamora presented yesterday is part of a number of allegedly secret documents that the State Department has declassified. An official from this department dismissed this material as not proving anything.

As is known, on 10 November 1993, speaking in this capital, Assistant Secretary of State Alexander Watson said that the data recently revealed by his own department was "inconclusive" and that the charges they contained "were not sustained."

Watson categorically said that "one cannot read a document and think that an absolute truth has been discovered." He added that "it is dangerous to reach conclusions without checking all documents...most do not contain in-depth analyses...they contain accounts of conversations with our people here...the declassification of these documents has nothing to do with developments in El Salvador...we do not want to cause problems here."

The document that Zamora attributed to the FBI cites as its source two State Department officials, Carl Gettinger and Bill Brownfield, and a consultant for the AFL-CIO leftist union whose name was scratched out on the cablegram, obviously to conceal his identity.

The FBI said that its Washington office was asked to contact these three informants to ask them to produce "facts and evidence" to support their statements.

But Zamora did not say whether the evidence that these officials reportedly had to back up their statements was actually produced.

#### Historical Background

Political analysts pointed out that a report issued by the Truth Commission, which investigated various crimes committed by the Army and the subversives, cites an official FMLN [Farabundo Marti National Liberation Front] communique issued on 18 October 1992 that blames ERP leader Joaquin Villalobos for the murder of mayors between 1985 and 1988.

We must point out that the commission's report indicates that crimes committed by the FMLN were based on the perpetrators' confessions, while those attributed to the Army and the alleged death squads were based on

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speculation and rumors, which were never supported with irrefutable proof or testimony.

As for the selective murder of mayors in the countryside, the document states that the Truth Commission reached the following conclusions based on the statements of FMLN leaders:

"1. The FMLN General Command approved and adopted a policy to murder mayors who they thought were working for the opposition.
"2. The 'nucleus' of the group implemented this policy and ordered its local commanders to murder mayors involved in opposition work.
"3. The following people, among others, comprised the ERP 'nucleus' at various times when mayors were murdered within territory under ERP control and participated in the decision to carry out such summary executions, and thus are responsible for such acts: Joaquin Villalobos ('Atilio'), Jorge Melendez ('Jonas'), Ana Sofia Medina ('Mariana'), Mercedes del Carmen Letona ('Luisa'), Ana Guadalupe Martinez ('Maria'), and Marisol Galindo.
"4. Joaquin Villalobos, as ERP secretary general, held the highest post in the organization and bears special responsiblity for the murder of mayors by the ERP.
"5. Local ERP commanders, by order of the nucleus or with its approval or support, murdered the mayors mentioned in this summary.
"6. The murders of Mayors Jose Alberto Lopez, Francisco Israel Diaz Vasquez, Pedro Ventura, Maria Ovidia Graciela, Monico Vargas, Jose Domingo Aviles Vargas, Dolores Molina, Napoleon Villafuerte, Edgar Mauricio Valenzuela, and Terencio Rodriguez were part of a established pattern based on a calculated FMLN policy expressly ordered and approved by members of the ERP and carried out by local commanders.
"7. Guatajiagua Mayor Jose Alberto Lopez was murdered in October 1988 while in the hands of Commander 'Amadeo.'

"8. The FMLN's execution of mayors violated international humanitarian and human rights provisions."

### Party Releases List of Death Squad Backers

*PA2410134194 San Salvador Canal Doce Television in Spanish 0100 GMT 22 Oct 94*

[Report by Beatrice Donoso; from the "Up-to-Date" newscast]

[FBIS Translated Text] The National Convergence [CD] Party has released a supposedly declassified FBI document that reveals the names of wealthy Salvadoran businessmen who, according to the report, financed death squads out of Miami, Florida.

[Begin unidentified speaker recording] Juan [words indistinct], Omar Regalado, Enrique Altamirano, Orlando de Sola. [end recording]

This is part of the list in a declassified FBI document received by the CD 48 hours ago. According to the report, these people have financed death squads from Miami.

[Begin CD leader Ruben Zamora recording] The list of people who, according to this source, are involved in weapons trafficking are also involved in financing death squads. I want to point out that the name of Mr. Orlando de Sola is clearly mentioned among those people accused of financing the death squads. [end recording]

According to Dr. Ruben Zamora, the report was declassified in June. The CD is concerned that these facts were probably revealed to the Joint Working Group but that the government has yet to investigate information which is well-known in the United States.

[Begin Zamora recording] We are investigating the possibility of restrictions on the investigations into the death squads and of corruption in different state entities. In fact, these restrictions must have been established by the Attorney General's Office, which should be investigating this case instead of us. That is what they are paid for, to defend the public interest by investigating wrongdoers. [end recording]

In CD's opinion, the government should investigate these accusations and not go after citizens like Kirio Waldo Salgado or Joaquin Villalobos, who have denounced the corruption of the death squads.

## Guatemala

### De Leon Remarks on Peace Conference, Serrano

*PA2510043894 Guatemala City Teleonce Television in Spanish 1900 GMT 24 Oct 94*

[From the "Telepress" newscast]

[FBIS Translated Text] President Ramiro De Leon Carpio left on Monday morning for Tegucigalpa, Honduras, where he and other regional leaders will participate in the International Conference on Peace and Development, which will conclude tomorrow. The conference will also be attended by OAS Secretary General Cesar Gaviria and other international delegates.

Shortly before his departure, President Ramiro De Leon Carpio gave statements about the conference in the protocol room of the airport terminal:

[Begin De Leon recording] Basically, we endorse a pro-Central American position. First we attended the meeting in Guacimo, then the meeting in Managua on an alliance for sustainable development, and we will deal with peace and development today. The idea is for the spirit of Esquipulas II to prevail and verify what has been the behavior, what have been the achievements and progress. Logically, great progress has been achieved at the Central American level, from the political viewpoint.

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All the countries are.... [pauses] Their rulers are the result of a democratic system.

Talking about peace, only Guatemala has an internal armed struggle. God willing, it will end as soon as possible. Once those phases are overcome, we must strive for peace with a sustainable economic and social development, and we must give it our own definite characteristics; this does not mean we do not need international aid, the international community's aid, but we must give it our own characteristics, and we must help ourselves. Referring to this point, I believe a decentralization, the culture of participation, the very freedom of organization prevailing in Guatemala and the other countries is part of that development.

What we want is to address the international community, giving thanks for its technical and financial support but also making our own contributions. That is for what today's conference strives: the achievement of peace with a sustainable economic and social development. Our struggle is no longer ideological; our struggle is no longer an armed conflict; our struggle is no longer against authoritarian regimes. Our struggle is against the worst scourge of mankind—poverty. That is what the Central American nations, and Latin American nations, must counter nowadays.

We must counter poverty and achieve an economic growth that is consistent with the world's situation, because we cannot turn our backs on the world's situation. The world is changing, but we can adapt ourselves to our own system, a regional system, a regional agenda, a Central American agenda, which allows this economic growth to be more than a macroeconomic growth. It must instead be positive for the poorest classes. In our case, 80 percent of the population lives in poverty or extreme poverty. [end recording]

De Leon Carpio reasserted today that formalities to extradite former President Jorge Serrano Elias will continue. Serrano Elias recently provoked a new controversy when it was revealed he has left Panama on various occasions despite his status of political refugee:

[Begin De Leon recording] The legal situation has been analyzed through the Foreign Ministry, and we insist on doing what the people have asked us to do. I recently learned that the latest polls, a copy of which I have in my possession, indicate the people want the government to carry out all the necessary formalities for his extradition. Referring to this issue, we will continue carrying out all the necessary formalities, because the correct thing would be to extradite the former president, the former vice president, and the former government minister so they are tried here.

You all know formalities must be observed. There are various theories regarding the issue of whether he should be allowed to leave that country. One theory states there is freedom for a political refugee, meaning he can enter and leave the country. It depends on the national legislation. I repeat: There are two theories, and they are both defensible. What we have to do is to continue with the normal formalities, demanding his extradition until the extradition is granted. I have ordered the Foreign Ministry to continue with the formalities. [end recording]

## Human Rights Ombudsman Criticizes Sides to Armed Conflict

*PA2310231394 Guatemala City LA REPUBLICA in Spanish 21 Oct 94 p 8*

[FBIS Translated Text] Human Rights Ombudsman Jorge Mario Garcia Laguardia said yesterday the government, the Army, and the rebels have shown an absolute lack of political will to reach an agreement to conclude the armed conflict. He said it will be impossible to have a peace treaty before the end of the year.

Garcia said the two sides are obligated to fulfill the negotiations calendar they set for themselves, and that point calls for the signing of a peace agreement in December.

Garcia said: "I believe it will be impossible to fulfill the deadline, but this point does not mean no agreement can be reached on already established points on the agenda. It is necessary to progress in the search for peace."

Garcia said proposals presented by the Assembly of Civilian Sectors are valid and represent the people's position, which is not the case of the government, which no longer represents the big majorities.

Garcia said: The Assembly "is the largest social forum at this moment; it represents all the sectors, and for this reason it must have a more significant participation in decisions that concern all the Guatemalan people."

## Defense Minister Explains Budget to Congressmen

*PA2110184794 Guatemala City PRENSA LIBRE in Spanish 19 Oct 94 p 4*

[FBIS Translated Text] For the first time in the history of the Guatemalan parliament, a defense minister gave deputies general details about the budget assigned to that ministry at a symposium to analyze the budget.

General Mario Enriquez Morales justified the Army's existence, stressing the social work they carry out, which according to him, absorbs 60 percent of the investment budget. The defense budget for 1995 is 678 million quetzales, the same amount assigned this year.

"There will be no increase, unless you deputies decide otherwise," he said.

Enriquez Morales arrived in civilian attire. He clarified, however, that this was not a strategy, adding that he had just attended a meeting at the Presidential Palace and did not have time to change.

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## Honduras

### Armed Forces Head Admits Difficult Financial Situation

*PA2410214794 Paris AFP in Spanish 2055 GMT 21 Oct 94*

[FBIS Translated Text] Tegucigalpa, 21 Oct (AFP)—The Honduran Armed Forces are facing a difficult financial situation that has forced the disbandment of six of its battalions in past months, General Luis Alonso Discua, Armed Forces commander in chief, admitted on Friday.

Discua said during a ceremony marking the Honduran Armed Forces anniversary that the Army has made an effort to cut spending, considering the country is going through a difficult economic situation.

"We take up 0.6 percent of the gross national product at this time," whereas other Central American armies absorb up to 2.8 percent of the GNP, the ranking officer said.

He said the Honduran Army is the smallest in the region, because it has had to make deep cuts "in order to survive."

The 1994 Armed Forces budget totaled $87 million, a little over 10 percent of the overall government budget, which is estimated at $835 million.

The Armed Forces chief did not complain about economic problems only but also about the lack of soldiers, a situation which worsened with the elimination of mandatory military service last May.

According to Colonel Santos Ortez, chief of the recruitment division, the Honduran Army has 18,000 men and needs another 7,000 to replace those who have been discharged in the last months after completing their two-year mandatory service.

The Legislative Assembly approved in May a constitutional amendment eliminating mandatory recruitment, but a second legislature has to ratify the amendment next year.

Meanwhile, President Carlos Roberto Reina has agreed to a request by the Armed Forces Senior Council to revive mandatory service, to which close to 1.4 million Hondurans ranging in ages from 18 to 30 are eligible according to military sources.

During Friday's ceremony, Carlos Roberto Reina stressed the role the Armed Forces have played as a mechanism for "social mobilization" and the consolidation of democracy since 1981, when it handed power over to civilians following 20 years of dictatorship.

He foresaw, however, that the military institution will undergo changes in view of the "noticeable" fact the integration of Central America is making it necessary to develop a more regional concept of security. The president added Honduras' new role as a nonpermanent member of the UN Security Council commits the country to contributing more actively to the UN missions.

## Nicaragua

### Ministers Comment on 1995 General Budget

*PA2210041494 Managua Radio Nicaragua Network in Spanish 2330 GMT 18 Oct 94*

[Statement by Presidency Minister Antonio Lacayo and Finance Minister Emilio Pereira upon presentation of the 1995 general budget from the Presidency in Managua—live]

[FBIS Translated Text] [Lacayo] Good afternoon, national and international correspondents and Nicaraguans listening to us. The president, Violeta Barrios de Chamorro, presented on 15 October the general budget for 1995 to the National Assembly in accordance with the law. Much was said about this budget, even before it was completed, and much will be said in the coming days and weeks until the National Assembly discusses and finally approves it.

Due to the enormous importance of the national budget as an instrument of economic, social, productive, labor, and foreign debt policies, our president instructed the cabinet to have a representative group come before you to explain the weighty reasons justifying the composition and size of the 1995 budget and to explain any questions the men and women of the media may have in this regard.

I would like to start by reading the letter our president addressed to the president of the National Assembly on 15 October to (?adjust) the budget. Here is the text of the letter:

Mr. President, in accordance with the provisions of the political Constitution, I hereby submit the general budget of the Republic for fiscal year 1995 to you for consideration by the members of the National Assembly.

The 1995 budget was formulated with a view to continuously improving conditions, encouraging investments, generating productive employment, and reducing poverty by consolidating economic stability and progressing in the implementation of the structural reforms program, which will foster growth in an orderly, sustainable, and competitive manner.

The budget reflects, the letter states, the commitments the Republic of Nicaragua has established with multilateral organizations and the international community for the next three years, through which it will obtain concessional loans and basic donations for Nicaragua's reconstruction during this period of foreign currency shortages, a very high foreign debt, and imports that exceed our exports by far.

The total budget amounts to 2.940 billion cordobas, 67 percent, or two-thirds, of which are earmarked for state

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operational expenses; 24 percent are for investment, and nine percent for the public debt service. Social spending, which is included in operational expenses, amounts to 54 percent, an unprecedented figure in Nicaraguan history, which reflects my administration's priorities despite its limitations. Regards to you and the honorable deputies. The letter is signed by our president, Violeta Barrios de Chamorro.

This is the letter with which the president forwarded the budget, or, rather, the draft of the general budget for 1995, which is this thick. Along with it went four annexes that explain the entire budget. There are approximately 1,000 pages.

We all know Nicaragua was faced with a war and a virtually collapsed economy when the government of President Violeta de Chamorro took office on 25 April 1990. Fortunately, we have been able to achieve peace. Concerning the economic situation, we have taken major steps to correct it. The economy was in a shambles in 1989; inflation was on the rise; production levels were plummeting, and foreign indebtedness was rampant. We have reversed this trend and have gone from hyperinflation to monetary stability. We have begun to reduce our foreign debts.

We have made major progress recently with Germany and will make further progress during a second meeting with the Paris Club by the end of the year. In addition, Spain and Sweden have proposed an initiative to tackle the commercial debt. We have also been able to stop negative production levels, and we will experience a positive growth for the first time in 1994; that is, production levels will be higher than in 1993. Growth levels for 1994 have been estimated between 2-3 percent, but we will have to wait until this year is over to find out the final production figures.

As our president says, however, the 1995 budget was drafted with the idea of further improving conditions to promote investment, to generate jobs, and to reduce poverty. I want to emphasize this point, because we must be clear that economic progress will not be achieved overnight or in one day as some or all of us would want it considering the very delicate situation in our country. Economic progress will only take place if we maintain a policy that increasingly improves conditions to generate investment in Nicaragua and to create jobs. I believe this policy will be the best remedy to reduce the levels of extreme poverty being faced by certain sectors of our population.

This reason is why we said we wanted to briefly explain how the budget is the result of an economic policy involving monetary stability and a reduction of the deficits in public expenses. We are still facing such deficits, but to a lesser extent than the levels registered during the last years of the previous government. Such organizations as the World Bank, the Inter-American Development Bank [IDB], and the IMF have supported this economic policy with increasing dynamism and donations for Nicaragua.

The 1995 budget allows the continuation of these loans and donations from Nicaragua's donor countries, because we believe we will continue receiving loans and donations if this economic policy of fiscal discipline is maintained.

I am making this statement, because we have to be very clear we would be violating commitments regarding the fiscal deficit if the budget ceiling increases directly or indirectly, and we would be endangering the granting of those credits and donations.

Moreover, the budget promotes social policies, as privileges are granted to education and health above other areas of the national budget, as the finance minister will explain.

These are the only two areas that will experience a big growth that will exceed the average, which is approximately 5 percent. Both the education and health ministers will allocate funds to provide priority treatment to health and education. Education Minister Humberto Belli will be able to explain this point further later.

The budget also responds to our production policy in the sense we are going to be earmarking the largest amount of resources possible for the production apparatus. While the country's overall budget will increase 5 percent in relation to the previous year, we estimate the credit and loans allocated for production will increase between 15-25 percent next year depending on the speed with which we are able to disburse credits from the World Bank and the IDB as well as from the Central American Bank for Economic Integration for coffee production, cattle raising, small farms, and for the various sectors in general as stipulated by the IDB.

That reason is why we are going to be adversely affecting the funds we believe can be allocated for production if we increase expenditure. We believe the budget also supports our labor policy of creating jobs instead of increasing wages. As we are able to channel between 15-25 percent more resources for production, we are going to be creating productive jobs in the countryside, in the industrial sector, in the beef sector, and in the sectors where jobs are created due to a production increase, not as a result of a national budget increase. The new jobs will be, therefore, permanent jobs, which is what we are seeking.

Any increase in the budget will reduce the amount of funds allocated for production and will decrease the possibilities of creating productive jobs.

Finally, I wanted to talk about our foreign debt policy. The budget includes 256 million [no currency given], 9 percent of the total budget, for the payment of the public debt, which we have been able to renegotiate, fortunately. The debt we inherited was totally unpayable, but it has to be paid so that the countries with which we have renegotiated and reduced the debt can be encouraged to continue studying the possibility of reducing the debt

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even further, a goal which is what we are going to attempt to do during the second Paris Club meeting. We have to include these commitments in our budget so that we can encourage these countries to sit at the table with us once again and see whether it is possible for Nicaragua to take advantage of this new trend in the world to provide preferential treatment to poor countries in order to reduce even further the foreign debt it inherited from the previous government.

To wrap things up, we see how the economic, social, production, labor, and foreign debt handling policies are made possible by this instrument we call the general budget. We believe if the Assembly approves it, it will undoubtedly contribute to achieve higher economic growth in 1995 than this year. Combined with higher coffee prices, this policy would create appropriate conditions to continue growing at even higher rates in subsequent years. Therefore, it is clear the budget is the result, as usual.... [pauses] The budget follows the policy of restricting the state size to operate with less taxes in relation to the size of the economy.

Using an example we sometimes use in this room, such a small economy as the one we had in 1990 cannot sustain a large tax burden. It would be like having a slow horse carrying a heavy jockey. It simply would not move. We must do everything we can to reduce the tax burden. We must do everything possible to reduce the jockey's weight, so the horse is allowed to gain weight. By the same token, we must follow this path to have a more vigorous economy. This policy is the logic behind this budget. It will enable us to have a stronger economy and obtain the benefits our people want regarding employment and health and education services.

I will now allow Finance Minister Pereira to speak so he can supplement the information I gave you with numbers. We will hand out photocopies of the draft budget, so you can have an idea of about what we are talking, before beginning the questions and answers period. Thank you.

[Pereira] Before I go on, I am going to ask you the staff who are assisting us to hand out to reporters this short executive summary containing broad information on the budget. This handout will enable reporters to make pertinent questions on the issue. If necessary, we will be able to meet with you at a later date to give you more information.

I believe it is important to make it clear this government budget [23-second break in reception] [words indistinct] see it grow too much, because to handle that amount [words indistinct] is needed, whether through taxes or becoming more indebted, but we believe [words indistinct] concentrated on priority programs for Nicaraguan society, such as education and health. That is why those (?22) million [currency not specified] we are increasing—I repeat precisely due to the debt problem—[words indistinct] for interest payment and 14 million for operations.

The most important thing about this budget, which appears on page one of the document we have distributed, is that of those [word indistinct] million we are earmarking for operating expenses, 15 million are being devoted to the Education Ministry; that is, the increase in the education budget is higher than [words indistinct]. The Health Ministry budget is being increased by (?16) million. Thus, we are increasing 31 million [words indistinct] the greatest needs of the Nicaraguan people. It turns out we are spending more money on these ministries only in operating expenses, because a larger amount is being spent on investment. I repeat that in order to [words indistinct] we are reducing spending in other ministries by 16 million cordobas.

As we said earlier, we are always [words indistinct] on the right track. We are not saying we are doing much better. There is still much to be done, but we are increasing [words indistinct] in consumption. We are devoting more funds to social spending than to other areas.

We hope once this budget is presented before the Assembly plenum, [words indistinct] within this legislation [words indistinct] so that in keeping with the commitments the Republic of Nicaragua has, we are able to obtain $500 million in financing [words indistinct] rest of the world. This measure will permit us to get this country back on its feet.

### Ministers' 'Double Payroll' Investigated

*PA2310160294 Managua BARRICADA in Spanish 17 Oct 94 pp 1, 10*

[First of two installments of report by Alfonso Malespin Jiron: "Ministers Earn 'Double Salaries'"; passages in italics as published]

[FBIS Translated Text] It is the beginning of the month; it is pay day for the Cabinet. On the fourth floor of the presidency, a minister is coming out of Antonio Lacayo's office and meets a colleague in the reception room:

—Hey, what are you doing here?

—The same as you, he retorts uncomfortably and with an expression of resignation.

Inside the office of the presidency minister, everything is as usual: Lacayo receives his subordinate, leans forward to open his black safe, and retrieves a wad of previously counted dollar bills. In a pocket notebook, he jots down a figure, a name, and a date.

This is how the famous salary "supplement" or the "double payroll" works at the government leadership, according to an investigation conducted by BARRICADA.

Some people are wondering how much exactly a minister or a deputy minister earns. Lacayo is the only one who knows the answer to this question, since all ministers' salaries are negotiated with him.

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However, according to information gathered by this newspaper, it is estimated that the total amount earned by ministers and former ministers ranges between $4,000 and $7,000 a month.

BARRICADA spoke individually to six former cabinet members—ministers and deputy ministers—and all confirmed the existence of the "double payroll" and its mechanisms.

We also asked several current ministers about this.

"I earn 10,000 cordobas," said Government Minister Alfredo Mendieta, who is not positive about the existence of a safe in Lacayo's office.

"The ministers have some special concessions such as fuel, per diems, and a credit card with a monthly limit of up to 5,000 cordobas for social expenses," Mendieta explained. "There is no remuneration other than that."

**Chicon Advocates the Elimination of the "Double Payroll"**

To clear up any doubts regarding this subject, Finance Minister Emilio Pereira invited Comptroller General Arturo Harding to confirm that the salary of each minister and deputy minister "matches the amount shown on the payroll" (10,000 cordobas).

According to Pereira, there is no "way or enough funds in this country to afford those figures (presumed salaries of cabinet members). It is quite the opposite."

But it is true, he stated, that the deputies were doing it, thus breaking an agreement signed in 1991 that established a parallel policy of salaries for deputies, magistrates, ministers, and deputy ministers.

"The assembly made a number of adjustments through per diems, medical expenses, transportation costs, a pay scale that we, obviously, cannot complain about it, because deputies—in accordance with the law—are entitled to manage their budget flexibly," Pereira indicated.

The truth is that there is a double payroll. According to Labor Minister Francisco Rosales, he has proof that there are two and three salaries in some ministries.

However, he explained, "neither the corresponding ministry nor the Finance Ministry is paying for those salaries; they are being paid from funds given by international organizations or donor countries." This involves officials in the Ministries of Health and Natural Resources and Environment.

"This is an old situation," he said, this is a "special payroll" inherited from the Sandinist administration under the title of *Incentives for Production*for the positions now described as "trustworthy."

According to Rosales, this payroll—"whose only special feature is that it does not take into account seniority—must disappear, and its funds should be included in the fiscal payroll.

The official argument to justify the double payroll is that during the transition, the outgoing government increased the salaries of the public sector. The new government's policy was to reduce the size of the state and real salaries, and under such circumstances, it was politically unwise to declare the new salaries of the ministers.

"I earned $8,000 abroad. I was earning $4,500 in Nicaragua... I would not have worked with the government for less than that," a former official who was interviewed said.

Virtually all of them set the amount of their salaries as a condition for working for the state.

**Mechanism Turned Out To Be Somewhat Humiliating**

What they did not anticipate was the attitude of the "payer"—Lacayo—at the end of the period, when an evaluation of his work or something related to him was conducted.

A former deputy minister resented the dishonesty of the payment mechanism because "they make you feel as though it were a payment made *under the table*."

Another former deputy minister noted: "Actually, it is somewhat humiliating to have to make an appointment to receive your salary." He also pointed out that there are frequent delays in the payment.

It is common to hear among ministers such sarcastic comments as: "so-and-so has not been paid in two months," as a sign that the person in question is in an unfavorable position with powerful Minister Lacayo.

Recently, to prove that there is no "double payroll," President Chamorro expressed her willingness to show a payment stub to the journalists so that they could confirm that she earns 10,000 cordobas after taxes.

However, there is much skepticism surrounding this rumor, and it has been confirmed that the salaries of the ministers and the deputy ministers are much higher than what they appear to be.

Deputy Reinaldo Antonio Tefel recently told a group of journalists that Arturo Harding—at the time he was running for the post of comptroller general—stated that he wanted "everything on the table," a salary at the ministerial level, which he set up at 47,000 cordobas.

"Much is being said regarding the salaries (ministers and deputy ministers) earn *under the carpet*," Domingo Sanchez noted. "There is no doubt that the more they deny their *fraudulent* lucrative incomes, the more people will believe the rumor."

## Panama

### Minister Views Economic Ties With U.S., Plans

*PA2410153794 Panama City LA PRENSA in Spanish 23 Oct 94 p 47A*

[Report by correspondent Betty Brannan Jaen]

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[FBIS Translated Text] Washington, D.C.—In an interview with LA PRENSA this past Wednesday in Washington, Planning Minister Guillermo Chapman pointed out that during President Ernesto Perez Balladares' administration Panama expects to join the Free Trade Agreement (TLC, or NAFTA in English) with the United States.

"I believe that the willingness of President Clinton's administration is such that we may be able to access NAFTA during the next three or four years," the minister stated.

"There is willingness by the United States favorable to our incorporation. For the first time, the governments of both countries have become aware that they have other things in common, and that Panama's incorporation into NAFTA could encourage those other things—obviously related to the Canal transition—to be managed successfully."

Minister Chapman was in Washington this week to appear as the main speaker during the inauguration of the United States-Panama Business Council. This council was created by the Panamanian private sector with the objective of promoting trade and understanding between both nations, an endeavor which Minister Chapman described as "very suitable to both countries." The council's branch in Panama is headed by industrialist J.J. Vallarino, while the U.S. branch will be presided over by former Congressman Michael Barnes, a lawyer who served as President Jean-Bertrand Aristide's adviser and lobbyist during his recent exile in Washington.

During his stay in Washington, Minister Chapman met with the three IFIS [international financial institutions] (World Bank, IDB [Inter-American Development Bank], and IMF), institutions with which Panama has relations. The minister presented the government's new economic plan to each of the IFIS and indicated that the document is currently being studied in Panama. Chapman pointed out that once the appraisal had been completed, along with whatever modifications that may arise, Panama will request support from the IFIS, through credits that will help the country "ease the cost of adjustments." Asked if it is prudent for Panama to continue falling into more debt when the country already has one of the highest external debts per capita in the world, the minister acknowledged that this is a legitimate concern that places Panama in the dilemma of how to meet the country's investment needs.

This is a dilemma that can be solved through two mechanisms, the minister stated. First, concession contracts such as toll roads, ports, generation of electrical energy, and so on will be offered for investment by the private sector. For investments that do not fit this mechanism—the construction of public schools, for example—Panama will have to seek other financing, the minister said. Chapman explained that in order to control new debt obligations, the Perez Balladares administration will limit itself to borrowing from the IFIS (excluding international commercial banks) and will create a financial planning section within the Planning Ministry to encourage five-year monitoring programs. This section will be responsible for developing economic indicators and indices, including a debt index, that will allow monitoring of the country's finances in general, and the debt in particular.

On the other hand, Chapman stressed, the Perez Balladares administration will transform its foreign trade policies. "Previous policies were intended to associate us with the Central American plan, which includes several issues which I believe 99.9 percent of all Panamanians are unaware of, and which I find really shocking, such as for example, adopting a single monetary system in Central America," Chapman pointed out. He added that Panama will seek new markets, to which end joining GATT is the "entrance ticket," and foreign investments will be encouraged.

During the interview with LA PRENSA, Minister Chapman condensed in a simple but eloquent manner, the new economic plan of the Perez Balladares administration. Chapman rejected criticism that the plan is "clearly neoliberal," as some have described it. The minister stated that labels like these are used to distort what has been proposed and explained that the term "neoliberal" is used throughout Latin America to describe economic policies that depend exclusively on the market. In other words, it is a Latin American version of trickle down [preceding two words published in English] policy.

Chapman, addressing his critics and the public in general, said: "I invite you to examine the social policies we have proposed. They include a clear policy for intervention and a policy to reduce the size of government, not just to make it smaller but to make it more efficient in providing better and more economical services for the community. There is an economic policy that seeks competition, competitiveness, jobs, and a lower cost of living. There is also a foreign trade policy that opens new horizons for Panama's economy."

The minister continued: "Pope John Paul II's latest encyclical condemns savage capitalism. Nevertheless, he says: 'If I were asked whether I prefer a market economy that gives people freedom of expression, the right to produce, and have free access to information; one that includes a legal system that protects political, social, and economic rights; one in which the state is directly concerned with solving social problems, then I would prefer a free market.' That is the philosophy behind the Perez Balladares proposal."

The plan has President Perez Balladares' unconditional support, Minister Chapman noted, adding that the plan's critics are exaggerating when the predict the plan will create an economic catastrophe. "I believe that there will be no major company closures or massive unemployment. Neither do I believe that there will be massive

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peasant migration to the capitals for lack of work. I have the numbers to prove to anyone that this just will not happen."

### Cabinet Council Approves State General Budget

*PA2410041194 Panama City LA PRENSA in Spanish 23 Oct 94 p 1*

[Report by Vilma Figueroa B.]

[FBIS Translated Text] Planning Minister Guillermo Chapman has disclosed the Cabinet Council approved yesterday the $4.055-billion, 1995 State General Budget for the central government and the decentralized institutions.

The budget that had initially been approved totaled $3.885 billion, but the ministers decided to approve an increase for the Education, Health, and Public Works Ministries after several preliminary budget hearings at the Planning Ministry.

The new budget was increased 1.5 percent over the amount that had been initially estimated.

The decision to approve the budget was made during a Cabinet Council meeting that took place yesterday on the island of Contadora. In addition to discussions surrounding the budget, the cabinet also met with 48 legislators representing the various political parties to discuss issues related to the constitutional title on the Panama Canal. Issues still up for discussion include political openings and PRD [Democratic Revolutionary Party] grassroots dissatisfaction.

Chapman has said the initial budget had been modified during a month long discussion that included the state institutions, and several income estimates had been reformulated, resulting in a slight increase in the overall figures.

He has said it is the same structure of the draft budget, but the purpose of submitting it for new approval was so that the amount presented this week at the Legislative Assembly will be exactly the same as that approved by the Cabinet Council.

Although a budget breakdown was not announced, the minister has said that expenditure items in the budget had been modified and that funds estimated for the education and health sectors had been increased.

Another of the points specified in the budget refers to the distribution of operation and investment expenditures. More than 100 million balboas has been earmarked for the Public Works Ministry to be used for highway reconditioning.

According to official information, 1.7119 billion [currency not specified] has been earmarked for the central government, and 2.2434 billion [currency not specified] has been assigned to the decentralized institutions. The amount estimated to meet foreign debt obligations totaling $7 billion remains undisclosed as of yet.

The investment program includes a new rural aqueduct system, health centers, and other investments aimed at improving health and education standards throughout the country.

Chapman has said, however, a request by Comptroller Luis Benjamin Rosas urging restraint in public expenditures had been appropriate.

"It is expected the situation will be difficult during the rest of the year, and that reason is why measures are being taken not to increase the state payroll," Chapman has said.

The minister has said no new appointments will be made unless their positions become available.

Concerning his recent trip to the United States, the Planning Minister has said that he informed the IFIS [International Financial Institutions] that the Panamanian Government had presented a Public Policies Plan (Economic Program) for the consideration of all sectors of the country and that Panama would be meeting with them again to discuss issues related to fresh funds once all opinions had been received.

On the visit of IDB [Inter-American Development Bank] President Enrique Iglesias, Chapman has said Panama will be signing on 25 October several investment agreements with the development institution, and discussions will begin on a five-year loan program.

### PTJ Director on Increase in Cocaine Trafficking

*PA2110163094 Panama City EL PANAMA AMERICA in Spanish 20 Oct 94 p 4A*

[Report by Juan Pritsiolas]

[FBIS Translated Text] The Security Council is reportedly "very concerned" about the increase of cocaine trafficking through the Republic of Panama, Gabriel Castro, head of the PTJ [Judicial Technical Police], has admitted. Castro also announced yesterday the confiscation of 150 kg of cocaine in an apartment in "El Cangrejo" residential area.

Castro said the cocaine belonging to the Cali Cartel was seized thanks to an undercover agent. The Cali Cartel was planning to send the drug to Europe. In the last week, 350 kg of narcotics worth $12.2 million have been seized.

Operation "Carlos," conducted in the exclusive residential area of "El Cangrejo," resulted in the arrest of one Panamanian and two Colombians, the PTJ director explained. The confiscation was made possible thanks to an "agent who risked his life, and we achieved a successful result," Gabriel Castro asserted.

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There is an increase in the activities of drug traffickers, but the PTJ, National Police, as well as National Maritime and Air Services are also conducting successful operations against the cartels every day, Gabriel Castro noted.

In the meantime, Castro said that tomorrow, he will meet with civic clubs, legislators, journalists, and other sectors to explain the mechanism used to weigh and destroy seized drugs. With this, we want to "end the myth that we burn sugar or powdered milk," the PTJ head added.

He also announced that the FRG Embassy has donated an incinerator to the PTJ to immediately destroy seized cocaine. The equipment, valued at $75,000, will be installed in one month, after coordination with the Health Ministry and environmental groups.

Until now, drugs seized by the PTJ and other government agencies are destroyed in the area of Cerro Patacon, but residents of nearby areas and ecological groups have expressed their disagreement with this procedure.

Meanwhile, it was reported that Gabriel Castro met yesterday with General Wu Tungming, director of the Bureau of Investigations of Taiwan, to discuss future technical support and training for Panamanian agents.

Several high-ranking officers from the Public Force have visited Taiwan in the past to attend courses offered at Taiwan's School of Psychological Warfare.

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## Argentina

### Court Allows Drug Possession for Personal Consumption

*PY2510021394 Madrid EFE in Spanish 2048 GMT 22 Oct 94*

[FBIS Translated Text] Buenos Aires, 22 Oct (EFE)—A judgment passed by the Federal Court, ruling that the possession of small quantities of drugs for personal consumption is not punishable if it represents no health hazard to third parties, today prompted a controversy over whether or not drug abuse should be punished.

For the Federal Court, the possession of drugs is included under the category of private human actions that "are subject to God and exempted from the authority of judges," as established under Article 19 of the Argentine Constitution.

This interpretation allowed the release of two youths who were caught openly carrying cocaine on a street.

Argentine President Carlos Menem, who is currently touring Germany, pointed out: "It is outrageous to raise these kinds of situations. Be as it may for personal use, I believe it paves the way for the mass abuse of drugs."

Menem stressed: "It must be totally banned, and those who sell drugs must be jailed. It is necessary to impose some kind of punishment on those who have drugs for their own consumption."

Alberto Lestelle, Argentine secretary for the prevention of drug abuse and for the antinarcotics struggle, said: "The Federal Court says that no crime has been committed as long as a third party is not harmed, but the point is that there is always a third party who is harmed."

Lestelle stressed: "It is enough to imagine what could happen if a drugged person drives a car, or if a surgeon going through withdrawal performs surgery."

Lestelle indicated: "This Federal Court ruling is at odds with the conscientiousness of most people who are opposed to the liberalization of drug consumption. This is an unwise and astonishing ruling that, I hope, will soon be reversed."

Cassation Court prosecutor Pedro Narvaiz agreed with the ruling. He said: "The criterion used is correct. It is not the courts that are wrong but the narcotics law, which is repressive."

Narvaiz added: "Drug traffickers and the banks laundering money are the ones that should actually be punished."

The Argentine Government last night released the results of a poll. According to this poll, 79.7 percent of the population are against the legalization of illegal drugs. 9.2 percent did not have an answer, and 11.1 percent favored the liberalization of illegal drugs.

The poll was conducted in June by the Programming Secretariat for the Prevention of Drug Abuse and for the Antinarcotics Struggle. It included 729 people polled in Buenos Aires, greater Buenos Aires, and the provincial capitals of Salta, Tucuman, and Cordoba.

The poll indicates that 93.8 percent described as a health hazard the undue abuse of drugs, while 72.7 percent said regular drug abusers are not in a position to take the same social responsibilities as those not abusing drugs.

### Menem Stresses Chilean 'Nobleness' on Border Dispute Ruling

*PY2410230294 Buenos Aires TELAM in Spanish 2208 GMT 22 Oct 94*

[FBIS Translated Excerpt] Buenos Aires, 22 Oct (TELAM)—President Carlos Menem today highlighted the nobleness of the people of Chile, who have accepted the decision favoring Argentina in the Laguna del Desierto border dispute.

From Tunis, where he is on an official visit, Menem underlined the attitude of "nobleness and greatness of Chile" in accepting the decision of the Rio de Janeiro Arbitration Court, which consolidated Argentina's sovereignty over the region.

The chief of state recalled that the conflict over the Continental Glaciers has yet to be resolved, and said that "in the first instance we have to wait for the Congresses of the two countries to hand down their decisions on this conflict."

Menem also recalled that of the 24 conflicts pending with Chile when he assumed the presidency, "there is now only one," and that is the Continental Glaciers conflict. [passage omitted]

Menem and Chilean President Eduardo Frei spoke over the telephone on 21 October to comment on the court's decision, as did Foreign Minister Guido Di Tella with Chilean Foreign Minister Jose Miguel Insulza. [passage omitted]

### Di Tella 'Very Satisfied' With Ruling

*PY2410223594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1047 GMT 22 Oct 94*

[FBIS Translated Text] Buenos Aires, 22 Oct (NA)—Foreign Minister Guido Di Tella said he was "very satisfied and extremely grateful" for the Arbitration Court's decision to grant Argentina sovereignty over Laguna del Desierto, in southern Patagonia. Di Tella added that from the moment the decision was announced "the issue became completely closed."

"The decision shows that our claim was fully accepted. One of the many conflicts between Argentina and Chile has ended, and the risk of another problem in the region like this one is over," Di Tella said, during a telephone

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interview with NOTICIAS ARGENTINAS from Munich, Germany, where he is accompanying President Carlos Menem.

The decision, approved by the tribunal based in Rio de Janeiro yesterday and announced by the government's Press and Dissemination Undersecretariat in this capital, recognized—by three votes in favor and two against—Argentina's sovereignty over the disputed area of 530 square km that includes Laguna del Desierto.

Di Tella said: "A team responsible for supervising the placing of markers at the border must start working" from now through February, adding that from that moment "the issue will be completely closed."

The foreign minister said that "Ambassador Susana Ruiz Cerrutti" gave me the news over the phone, adding that Ruiz Cerrutti is one of Argentina's "lobbyists" at the tribunal responsible for resolving the issue.

I told President Menem the news immediately. He was next to me. He was obviously quite pleased. He is very happy and satisfied with the decision. Nothing less could be expected; we are all happy," Di Tella said.

The official recognized that "in Chile there will probably be people who will not like the decision and will protest, because that is inevitable." Di Tella added that "the decision ends a problem between two countries that have many things in common, and want to work together and look ahead."

"We have full confidence in Chile's attitude. Argentina and Chile are two countries that see their integrated future hand in hand, not divided nor showing each other their backs, as has unfortunately occurred during the course of history. This has now been definitively reversed," the foreign minister said.

He added that the Foreign Ministry and the government "had been confident, but very anxious, to know the result, and we are now convinced that our claim has been fully recognized."

"This eliminates the statement indicating that Argentina always loses in international arbitrations. Although we have lost some, and the history of the resolutions regarding disputes points out that they have not always been favorable for Argentina, this time around the decision has been favorable," he added.

He also said that "Argentina has a great fondness" for Chile, and stressed that the two countries "have many things in common, such as bilateral and integration problems, and therefore we must get to work, looking toward the future and thinking about the integration of all of the Southern Cone."

Di Tella indicated that "Argentina's permanent presence in the zone is one of the points that helped us," and said that this fact "is one of the more decisive factors that have existed historically."

Moreover, he indicated that there is no need for concern over the need to increase the population in the region, because, he stressed, "after this decision there is no risk" for Argentina in the matter of sovereignty.

"This does not mean, moreover, that we will not try to develop the region and populate it, but we do now have full possession of the region," he said.

The minister said that the government "is very thankful to all those who participated in this process," mentioning Ambassadors Ruiz Cerrutti, Federico Mirre, and Horacio Basabe, who participated as Argentine "lobbyists," and Julio Barberi, who is a member of the Arbitration Court, together with Rafael Nieto Navia, the court's president, and Reynaldo Galindo Pohl, Pedro Nikken, and Santiago Benadava.

"The Argentine team has carried out a fantastically efficient task," the foreign minister said, adding that "the final result demonstrates the capability with which the country and the Foreign Ministry have managed this matter."

### Communique Issued on Ruling

*PY2410232494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1900 GMT 21 Oct 94*

[FBIS Translated Text] Buenos Aires, 21 Oct (NA)—The Arbitration Court today ruled in favor of Argentina in the border conflict with Chile over Laguna del Desierto.

The official announcement was made by Provisional Senate President Eduardo Menem, who is temporarily heading the national executive branch due to President Carlos Menem's tour abroad.

The senator made the announcement in the La Rioja city of Chilecito, where he noted that "the Latin American court has just ruled in favor of Argentina, and has agreed that all our claims" in the Laguna del Desierto issue "are just."

Menem noted that the arbitration court's award favored Argentina by a vote of "three to two." He emphasized that copies of the award have been sent to the governments of Argentina and Chile.

The Latin American Arbitration Court, based in Rio de Janeiro, ruled in favor of Argentina in a century-old border conflict with Chile over the Laguna del Desierto area.

Laguna del Desierto is a 530-square kilometer valley between Lago San Martin and Lago Viedma in the Argentine Province of Santa Cruz, 2,800 km south of Buenos Aires.

Chile claimed that the border between the two countries had to pass through an eastern mountain chain, while Argentina argued that the border had to pass through landmark No. 62 and Mount Fitz Roy.

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Presidents Carlos Menem and Patricio Aylwin agreed to submit to arbitration to settle the century-old conflict.

The Arbitration Court that ruled in favor of Argentina's claim was made up of three international jurists and two jurists appointed by the parties.

The jurists were Rafael Nieto Navia (president) of Colombia; Reynaldo Garcia Pohl of El Salvador; Pedro Krikken of Venezuela; Santiago Benadava of Chile; and Julio Barberis of Argentina.

It was leaked in Buenos Aires that the jurists determined the border line in the area by interpreting the 1902 Arbitration Award passed by King Edward VIII of England, who established the water divide between the two countries as the border.

On 2 August 1993 Aylwin and Menem signed a joint declaration on the borders between the two countries. In their joint declaration the presidents decided to settle all the unresolved conflicts based on the 1984 Peace and Friendship Treaty.

This treaty settled a century-old conflict over the Beagle Channel that almost caused a war between the two countries in 1978.

This afternoon the executive branch released the following official communique on the award:

"1. After reviewing various arguments and evidence produced by the parties, and after holding discussions during the past four weeks at its Rio de Janeiro headquarters, the Arbitration Court plenary that has been hearing a case involving Argentina and Chile with regard to the border line between Landmark No. 62 and Mount Fitz Roy today released a ruling that was reported to the lobbyists of the two parties.

"2. Contents of the ruling:

"In a decision made by three favorable votes (issued by Dr. Rafael Nieto Navia, president; Dr. Julio Barberis; and Dr. Pedro Nikken) and two dissenting opinions (issued by Dr. Santiago Benadava and Dr. Reynaldo Galindo Pohl), the court entirely approves the Argentine position, and admits that the border line between Landmark No. 62 and Mount Fitz Roy has been the line supported by our country during the entire arbitration process.

"Therefore, it has been admitted that the entire territory under dispute during these proceedings (530 square kilometers), including Laguna del Desierto, is under Argentine sovereignty.

"3. According to the rules governing the arbitration, the Arbitration Court will conduct and approve the border line demarcation work on the site, an operation that must be concluded no later than 15 February 1995. With this demarcation, the arbitration proceedings will be completed.

"4. At the ceremony, which was held behind closed doors at the Inter-American Juridical Committee headquarters, were present Arbitration Court President Dr. Rafael Nieto Navia; Arbitration Court members Dr. Reynaldo Galindo Pohl, Dr. Pedro Nikken, Dr. Julio Barberis, and Dr. Santiago Benadava; Arbitration Court Secretary Rubem Amaral Jr.; Rafael Mata Olmo, a geography expert; and the lobbyists representing the two parties: Ambassadors Susana Ruiz Cerutti, Federico Mirre, and Horacio A. Basabe for Argentina, and Ambassadors Julian Illanes Fernandez and Eduardo Vio Grossi for Chile.

"5. The Arbitration Court hearing this case was convened following an accord reached on 2 August 1991 by the president of Argentina, Dr. Carlos Menem, and the president of Chile, Dr. Patricio Aylwin. Pursuant to this accord the two countries decided to submit the conflict pitting them against each other to arbitration. The conflict involved the interpretation and implementation of the 1902 Award in the border area between Landmark No. 62 and Mount Fitz Roy.

"6. The border line that had to be awarded by the Arbitration Court lies between Lago San Martin and Lago Viedma (Santa Cruz Province) in a mountain chain area where Laguna del Desierto lies.

"7. The 1902 Award that the Arbitration Court had to interpret and implement to determine the borderline in this area was passed in November 1902 and settled, at that time, a longstanding conflict between the two countries over the border line in four extensive mountain chain areas.

"Part of this arbitration award established the border in an area subjected to arbitration by this Arbitration Court, and this was the rule that was interpreted and implemented by this Arbitration Court through a ruling issued today.

"8. Following the 2 August 1991 accord, the two countries entered an arbitration commitment on 31 October 1991 in which they established the rules governing this arbitration process. This arbitration commitment established various procedural phases that have preceded the Arbitration Court ruling released today. The first stage involved the simultaneous submission of written reports by each party on 31 August 1992. The respective written rejoinders [contramemorias] were submitted a year later, on 16 August 1993. During the following phase, the Arbitration Court visited the area subjected to arbitration in February 1994. Shortly afterwards, and pursuant to the arbitration commitment, the parties orally exposed their arguments during hearings held between 11 April and 18 May 1994 at Itamaraty Palace in Rio de Janeiro, which was placed at the disposal of the Arbitration Court and the parties by the Brazilian Government.

"9. The Argentine-Chilean arbitration on the Laguna del Desierto area was agreed upon by the two countries within the framework of the Peace and Friendship

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Treaty reached through the mediation of Pope John Paul II. The 10th anniversary of the Peace and Friendship Treaty's signing will be celebrated on 29 November.

"10. This is the first time that an Arbitration Court, called to determine de jure and exclusively made up of Latin American jurists, has heard a border conflict between two Latin American countries. The Arbitration Court's contribution to the strengthening of international law and a peaceful solution to international conflicts therefore represents a precedent of huge value for the current regional situation, marked by signs of integration.

"11. A list of Argentine delegation members accredited to this Arbitration Court has been added to this press communique. This team, made up of Argentine Foreign Ministry diplomatic and administrative personnel, was supported by attorneys of broad international prestige: Argentine attorney Jose Maria Ruda, who died on 7 July 1994 and who had been an International Court of Justice member for 18 years and International Court of Justice president between 1988 and 1990; Professor Daniel Bardonnet of the University of Paris, a professor at the International Law School of The Hague; and Professor Santiago Torres Bernardez, a professor with long legal experience in the United Nations, who had been occupying for seven years the post of "greffier" at the International Court of Justice at The Hague.

"12. The preparation of the Argentine arguments required various kinds of historical, cartographic, and administrative research work in archives, libraries, and map registries both in Argentina and abroad. Frequent visits were especially required by Argentine delegation members to Santa Cruz Province and the mountain chain area where the controversial border area lies.

"To this effect, the Argentine team was constantly supported by provincial officials and many Santa Cruz Province government officials, who silently and in a self-denying fashion cooperated with the Argentine Foreign Ministry representatives in the task of collecting historical background information on the institutional and population development of this Patagonia region, especially during the Arbitration Court's visit to this area.

"13. President Menem and Foreign Minister Di Tella, who were paying a state visit in Europe when the ruling was released, were immediately informed of the ruling's contents."

### Menem Returns From European Tour

*PY2410133094 Buenos Aires TELAM in Spanish 0841 GMT 23 Oct 94*

[FBIS Translated Text] Buenos Aires, 23 Oct (TELAM) President Carlos Menem returned from Tunisia at 0525 this morning. Tunisia was the last step of his four-day tour of European countries which also included Austria and Germany.

The head of state, accompanied by his daughter Zulema, arrived at the military zone of the metropolitan airport aboard the Tango 01 presidential plane.

## Bolivia

### Sanchez Assesses Administration, Regional Integration

*PY2410235294 Madrid EFE in Spanish 1737 GMT 24 Oct 94*

[FBIS Translated Text] La Paz, 24 Oct (EFE)—Bolivia has a regional future and will become "South America's axis," according to Bolivian President Gonzalo Sanchez de Lozada, who assessed during a television program the first 14 months of his administration.

Sanchez de Lozada said that commercial and economic cooperation agreements as well as physical integration agreements with neighboring countries give Bolivia "a regional future." He said that the subregions "need Bolivia to coordinate their actions."

The Bolivian president was referring to the recent agreements signed with Peru and Paraguay to establish a connection between the Atlantic and Pacific Oceans, as well as the agreements with Brazil and Chile for integration in the energy sector.

During the one-hour program the president referred to the economic situation of Bolivia, the least developed in the region, within the context of the structural reform and its geographic position in the continent.

He also referred to the fact that some sectors have rejected the reforms and changes to state structures to overcome the backwardness and poverty plaguing the country.

The president asserted: "We are going to change Bolivia, because if we do not Bolivia is going to die."

In response to his opponents, Sanchez de Lozada said: "We are going to end this year with a maximum 7.5 percent inflation rate, the lowest since 1985, with the highest growth (rate) since 1985, of 4.5 to 4.6 percent, and we have done so without having to increase fuel prices, but nobody remembers that."

Despite harsh criticism by the opposition and a drop in his popularity according to some polls, Sanchez de Lozada not only voiced his optimism that the objectives of the "Plan for All" of his electoral campaign would be attained, but also announced the drafting of the second stage of this project, to be executed by the next administration.

"I am not going to remain a single day more, nor a single day less than what is established by the Constitution," stated the Bolivian president, who added: "The secret of politics is to turn popularity into respect," and this can be attained "with achievements and works, which I am certain I will have."

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Sanchez de Lozada said: "I do not feel like a winner, but at least I have achieved what people had not expected me to achieve," adding "the fact that people underestimate me has always been a great help in life."

He voiced his concern over the growing gap between the Western region, or High Plateau, and the Eastern region, or plains. He said: "Bolivia is becoming a country of critical poverty in one part and true prosperity in another."

"The Western region is not growing" and its economy is impoverished, creating ghost towns especially in the mining regions, according to Sanchez de Lozada, who believes that the people of that region are reacting "like widows, hating their husbands because they have died" and turning their backs on other chances.

The High Plateau region, where the mining industry was the main source of the Bolivian economy, has been affected by a great depression due to the crisis in mineral prices on the international markets, which has prompted massive migration.

On the other hand, the eastern region has promoted agriculture, livestock, and agro-industry as well as the non-traditional mining industry, which has great prospects.

### Correction to Direct Talks With U.S. Urged

*PY2110171594*

The following correction pertains to the item headlined "Direct Talks With U.S., Increased Presence in Washington Urged," published in the 19 October Latin America DAILY REPORT, page 23:

Column one, second paragraph, last sentence, make read: ...the U.S. Government does not appreciate its [as published] diplomats, it... (rewording, providing editorial notation)

## Brazil

### Franco To Discuss Summit With Cardoso 27 Oct

*PY2410132394 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 24 Oct 94*

[FBIS Translated Text] President Itamar Franco has denied that he canceled an invitation he extended to Fernando Henrique Cardoso to join him at the Summit of the Americas between 9 and 11 December in Miami.

In an official note released on 23 October by Presidential Spokesman Fernando Costa, President Franco denied canceling the invitation to President-elect Cardoso.

The note says that the president and the president-elect agreed to debate on the subject later. It terms false a report on the cancellation of the invitation, which newspapers published over the weekend.

The note adds that after the results of the elections of 3 October were made known, President Franco ordered the state secretariat to extend all diplomatic support to the future chief of state in his trips abroad. The note says that the government is supplying all necessary information to Cardoso and his team.

In the note, President Franco adds that the good relations with the president-elect has made it unnecessary for them to resort to formalities.

President Franco said he will meet with President-elect Fernando Henrique Cardoso on 27 October to debate, among other subjects, the trip to Miami.

President Franco also reported that on 25 October he will meet with Senate government bloc leader Pedro Simon and Justice Minister Alexandre Dupeyrat to debate on violence in Rio de Janeiro. He ruled out intervention, noting that the government will try to resolve the problem.

### Cardoso's Inauguration Scheduled for 1 Jan

*PY2110161994 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Oct 94*

[FBIS Translated Text] Fernando Henrique Cardoso will be inaugurated at 1600 on 1 January, during a Congressional plenary session. A busy official agenda will be established on that day to allow chiefs of state of neighboring countries and governors to attend the ceremony.

At 1700, President Itamar Franco will receive his successor at the Planalto Palace ramp. The ceremony of delivery of the presidential sash will be held at the Planalto Palace Hall.

### Cardoso Discusses Policies, Parties, Politics

*95SM0015A Sao Paulo ISTOE in Portuguese 28 Sep 94 pp 34-39*

[Interview with presidential candidate Fernando Henrique Cardoso by Chico Mendonca, Luciano Suassuna, and Tao Gomes Pinto; date and place not given.]

[FBIS Translated Text] [ISTOE] Does the *real* have any enemies?

[Cardoso] Not now, I do not think.

[ISTOE] Would the Real Plan have come into existence anyway? Or was it conceived because of the elections?

[Cardoso] I wanted to launch the plan last year. The PT [Workers Party] and the PDT [Democratic Labor Party] would not let me. I wanted to start on 1 January. Simonsen told me to wait until 1 May and to have just one month under the URV [Real Unit of Value] because it was like ice skating: it could slip either way. I wanted 1 June, but the economic team did not agree. So I told them to put it in writing that it would be 1 July. Not because of the elections, but because I was afraid there would be a surge in prices, as did in fact happen.

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[ISTOE] But, psychologically, things ended up better for your candidacy. Otherwise there would have been less fat in the prices to burn off, and inflation would not have shown the same degree of decline.

[Cardoso] Psychologically, things are fine now. But it was not planned. The public "bought" the *real* and bought the *real* man, too. They do not even know my name. I'm talking about the poor in the Northeast. I go to some tiny interior town and a guy comes up and kisses my hand. It makes me a little uncomfortable.

[ISTOE] Speaking of the Northeast, how are you going to stand up to clientelism, which is a characteristic of Brazilian politics, especially in the Northeast?

[Cardoso] That system is dying out, even in the Northeast. Clientelism in today's Brazil is a marginal phenomenon, although the press makes a big deal of it.

[ISTOE] But afterward, won't people start demanding appointments to boards of directors of state corporations, etc.?

[Cardoso] And what happens if I do not appoint them? Nothing. Nothing happens. Society has changed, and that is precisely why the race is between me and Lula. We have to take this seriously and look forward instead of backward.

[ISTOE] But let's look at a specific example. Sudene [Northeast Development Superintendency] and the Bank of the Northeast are two agencies in which everyone agrees changes must be made. At the same time, they are the props of the political power of major leaders in the Northeast. Can structural changes be made in them without losing votes in Congress?

[Cardoso] I think so. Sudene has already changed. The man in charge of Sudene is a general who is bringing morality to that agency. If I am elected, I will not owe my election to this or that source of support. I will owe it to transformations in the economy, credibility in the administration of the plan, continuous support from Itamar, and the support of the public. The PFL [Liberal Front Party] understood that, but it is being sacrificed. It was not I who sought out the PFL; the PFL came to us. Be honest: do you think I'm looking for support right now?

[ISTOE] There are some who say you are no longer a man of the Left.

[Cardoso] What do Right and Left mean today? Basically, all that is left over from the old opposition between Right and Left are three big issues: equality, freedom, and democracy. We need to start understanding that the conservative Right is not antidemocratic. Of the three issues, it is equality that was really left over. All the policies we are going to tackle will be in favor of equality. I believe that what we have today is an old Right and a modern Right, an old Left and a modern Left. Take Brizola. He is the symbol of the traditional Left, what San Thiago Dantas used to call the negative Left: statist, corporativist, and interventionist. In short, it did not understand that the existence of freedom is a basic component of democracy. The old Left does not believe in the democratic, representative mechanism. You find this in the PT, in the PDT, or in the PSDB [Brazilian Social Democracy Party]: people who, deep down, believe in an enlightened government and a strong state that takes care of the common people's interests.

[ISTOE] What is the biggest problem for that Left?

[Cardoso] That old Left also failed to understand that the market exists. The market is a universal institution. If you think you can change things by intervention, you will fall on your face. And the third question is: the market is not enough by itself. The market does not respond to all the pressures. That is why I get irritated when they talk about Washington Consensus, neoliberalism. That is just blah-blah-blah. How can you be neoliberal in a country like Brazil? What is that? Those who do not understand that, who label themselves as Left or Right, are behind the times. Those who do understand it are contemporary. The big change that occurred is that the modern Left is not statist; it understood the dynamics of civilian society, it understood social movements. It realizes that today you cannot bet all your chips on the bureaucracy. There has been a fusion between the liberal tradition and the socialist tradition. That was what happened in Spain and France—after one heck of a zigzag. And it is not only the Left that understood that, the Right did, too. Look at Germany. But here in Brazil, the intellectuals did not properly digest what happened in the rest of the world. They still have not even seen the consequences of the 1968 events in France. The Itamar government was a government of the PFL, the PMDB [Brazilian Democratic Movement Party], the PT, and the PDT, and in that regard I never saw a more confused administration. Who ended up calling the shots? I called the shots, because I was able to formulate what is out there, what is implicit in society. The one with a plan gets the green light.

[ISTOE] But how can you implement that plan without practicing patronage politics? *[fisiologismo]*

[Cardoso] In a society like ours, a mass society where the media has a tremendous influence, things are no longer done through traditional channels. Nor is the party the one that gets things done. Everything that changes here comes into Congress from the outside. I was able to pass what we passed only because the public supported it. If I become president, I will talk with this country; I am not going to keep playing this game of "you scratch my back and I'll scratch yours." That game still exists—it will always exist—but you tackle it from the outside in. Of course there is a danger there, because if you do not have a democratic concept, this becomes authoritarian, becomes charismatic, personality-based. It is not easy. I believe we—not in Brazil, but in the world—are redrawing the concept of democratic political leadership in a mass society.

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[ISTOE] What reforms are on your immediate agenda?

[Cardoso] The reforms Brazil has already sketched out. Right now I am reading an overview that was prepared for me on the tax issue. There already exists a sort of directive, a main force. For example, on the political party issue we already know we have to have the mixed district vote. It can be instituted by law, we do not even need to change the Constitution. I have a proposal to that effect that has already been approved by the Senate's Committee on the Constitution and Justice. If e try hard, it is bound to pass. There has to be some kind of party loyalty; otherwise you cannot talk with leaders, only with individuals. Also, we know that in a mass society, Congress functions satisfactorily only when the Executive Branch organizes itself in such a way that it does function.

[ISTOE] Do you plan to fight to keep the IPMF [Provisional Tax on Financial Operations] in effect next year?

[Cardoso] I do not want to say what I am going to do because, on some points, I still do not know. I do know that our tax system needs to be simplified. We need takes that are less declaratory. The Brazilian tax system was made for a closed economy. Today, our economy is competitive and open.

[ISTOE] And the social issue?

[Cardoso] I think that is the big issue. That is why I take as a given the economic stabilization and growth in the coming years, because I also assume a resumption of growth in the world. These things run in cycles. In a preface that I wrote to a book on Spain at the request of Adolfo Suarez, I said that Spain was lucky because its redemocratization coincided with an expansion phase in the economy. We were not as lucky. Redemocratization in Brazil coincided with a depression phase. Now we are in an expansion phase, and that makes it easier to solve the social issues.

[ISTOE] Will you need a super-minister?

[Cardoso] I do not think so. I think that era has ended now that the Ministry of Economy, which was the super-ministry, has gotten back on track. As I said, the social areas are going to be very important, regardless of who is president. Furthermore, I think we need to reorganize the Office of President. In a democratic mass society, you need to redefine the duties of president, too. A president has to lead. To do so, he has to have a continuous interaction with the ministries. You cannot have, as we had in the past, delegation of functions. When you delegate functions, the power of the bureaucracy grows—but not the political power, which belongs to the president. He was elected, he is the one with legitimacy. The other is something he delegates indirectly.

[ISTOE] Are you talking about a super-presidency?

[Cardoso] In a democratic society the president has to exercise leadership over the society and over the government. But very little information flows to the Office of President. I have been saying this for years: as a sociologist, I would like to write an essay on how decisions are made in Brazil. Decisions are not based on very much, they are made very arbitrarily for lack of routine procedures. In the Foreign Ministry [*Ministerio do Exterior* as published] you have routines, the minister does not make a decision without a lot of input. The foreign minister never goes to talk with anyone without being briefed. There is not much chance he will go wrong, once the policy has been determined. Anyone with a little vision can be foreign minister. When I went over to the Finance Ministry it had nothing. There is no institutional memory there. The decisions that are made vanish, there is no continuity. The same thing occurs in the Office of President. We have not organized the state to serve a modern society and to be democratic; it needs to be organized. With memory and documentation, you can check: who was responsible? Democracy has to be accountable.

[ISTOE] Will your Cabinet be more political, or more technical?

[Cardoso] I have not yet thought specifically about that, but it will have to have both.

[ISTOE] And the Finance Ministry?

[Cardoso] In the case of Finance, the political and heroic phase is over. It needed someone who could inspire the public. A good minister would be a man who can explain things to this country. The same goes for Education and Health. In key ministries we have to have people with that kind of competence.

[ISTOE] Will the social ministries really be the most important?

[Cardoso] Yes. I am more concerned about the social area. Sincerely. I'll tell you a story. Itamar came here to this house when he was about to become president. He had two meetings with Jose Serra and one with Paulo Cunha. One day he told me: "I wanted you to be minister of foreign relations." I said: "Look, Itamar, I do not need to be minister of anything." He insisted and so I said "all right, that's fine with me. I think it's very good. It's something I like." And I kept asking him: "what are you going to do about education?" At one point he went to drink coffee out there in the kitchen (like all good Minas natives, he likes to drink coffee in the kitchen) and he said: "You want to be minister of education?" And I answered: "Itamar, anything but that." I even quoted something Lourival Gomes Machado had said, in Sao Paulo: "Mothers are the educators." I am a professor, a researcher, but not an educator. Here, people get these confused. My wife is a much better teacher than I. I am a good lecturer. I enter the classroom and if the atmosphere is right, I give a good class. But I never had the kind of patience you need to have to educate a student.

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[ISTOE] Do you think that between now and the election the courts should look into the charges that Governor Joaquim Francisco's and Senator Marco Maciel's combined campaign committee received money in 1990 from the PC scheme? [reference to PC Farias, ex-President Collor's campaign treasurer]

[Cardoso] I think they should investigate. It's this way: this is political exploitation. Marco Maciel never received any checks, and PC has already made a statement to that effect. So the PT's attempt to stir up a crisis is in vain. I have seen the polls since this charge was made and found that nothing has changed, neither quantitatively nor qualitatively. The public never even understood the Bisol case [Bisol was Lula's original running mate], much less the Marco Maciel matter. So they are using this for political ends. Why bring it up now, four years later? Furthermore, during the Budget CPI [Congressional Investigating Committee], every time the money had a political destination, they shoved it aside. The question was personal corruption. No one said anything further about Dr. Arraes. Why not investigate all the others? Miguel Arraes, for example. I do not believe he received anything, but didn't he have a letter? Obviously the Congress did not investigate because it was not going to pass judgment on Arraes in there. He is an upright man.

[ISTOE] And what about Bisol?

[Cardoso] I was the only Brazilian politician who said Bisol is a good man. They sacrificed Bisol because he made a blunder. My statement was considered politically foolish, but I believe there are times when you cannot allow a person to be morally massacred. Bisol surely did what he did because he had decided to help the mayor. And look—I have a ranch in that same municipality. The bridge has nothing to do with the favor. But it is wrong for a senator from Rio Grande do Sul to give a bridge to a municipality where he has a ranch. It was serious, but he is no scoundrel. You must not confuse Bisol with one of the Budget "dwarfs" [legislators, all short of stature, who were central to the budget-finagling scandal], but that is what they did. I can say with total assurance that Marco Maciel is a good man. If they are going to start reporting on political funding, then let them track down the PT account. We have never used ISTOE's and VEJA's charges against the PT in our TV programs. Because I think there is a limit to how far you can exploit that electorally. Here in Brazil we are experiencing a positive phase, a change in customs. People no longer tolerate what they tolerated before. But you should not go by what happened before today's criteria took effect.

[ISTOE] And what about the actions of the machine, such as the episode that ISTOE called the "Caravan of the *real*" in which the government, on the very day after Lula's "caravan" had visited towns in the interior of Minas and Bahia, released more funds than it had released in an entire semester.

[Cardoso] I never got involved in that. I did not know about it. I have nothing to do with it. Zilch. I never approached any minister to have him release this or that. This is crazy. I saw Lula on *Cambio 16* charging, during a press conference in Spain, that my campaign is distributing food to 32 million hungry people, for election purposes. It's the Food Security Council that hands out food. As for Stepanenko's notes, I never attended any ribbon-cuttings. None. Nothing.

[ISTOE] Wasn't the Ricupero case an unequivocal demonstration of the administration's involvement in your campaign?

[Cardoso] But don't you think the administration is on my side? It better be. Actually it is not doing enough. The administration should be even more visibly on my side. Even if it involves ribbon-cuttings. How else can the government show the public what it has done? It would be like saying: Look, Lula is forbidden to talk about the new unionism and he cannot talk about what the CUT [Sole Workers Central] did, because that would help him. CUT is a machine that is banned from the campaign. Things got so crazy that they even filed suit to prevent me from talking about the *real*. I assumed the burden of serving in the administration. When I agreed to serve, everyone said it was suicide. I assumed the burden and I did something that has proven to be a bonus for me. What Ricupero said is this: the *real* is good, it is really good. That is politics, not the action of a machine. We are confusing the two.

[ISTOE] And what about Minister Stepanenko's notes?

[Cardoso] Haven't they been accusing me of being on the establishment side? I never denied it. But I am the candidate of an administration that accomplishes things. The Stepanenko case was just his naivete. There was nothing there.

[ISTOE] But the funds were released.

[Cardoso] Nothing was released. It's on the schedule that he has to release them. Or should we stop administering the country because of an upcoming election, just so the opposition can win? That sounds ridiculous to me. In a democracy, those in power defend what they are doing. What you cannot do is steal, or put public funds into the campaign. What was [former Sao Paulo Mayor Luiza] Erundina doing during Suplicy's days?

[ISTOE] So are you going to the Electoral Court with that?

[Cardoso] I will say it with a clear conscience. I did not seek any favor that was not the political result of administrative actions. What is my calling card? Why do the people vote for me? Because I conveyed an image of trust when I was minister, I did not lie to the country, and because things turned out well. Now, am I going to say I did not do that? Look, that is fascism, it is a totalitarian view. It is preventing the practice of politics, and I am willing to repeat that.

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[ISTOE] Will there be a big jump in public utility rates after the elections?

[Cardoso] No.

[ISTOE] No Cruzado Plan II?

[Cardoso] Completely out of the question.

[ISTOE] Will it be necessary to change the tax calendar?

[Cardoso] Maybe.

[ISTOE] Some people say we need to change the Constitution to expressly prohibit the announcement of economic plans in an election year.

[Cardoso] That is crazy. Government has to govern. A country cannot stop everything because of an election.

[ISTOE] So perhaps we should ban elections in economic plan years. Or postpone the elections?

[Cardoso] (Laughing) Well, maybe that would be better for Brazil.

[ISTOE] Are you in favor of the runoff election?

[Cardoso] I used to be, but no longer. When we advocated the runoff, we had an objective in mind that has not worked out well in Brazil. We see that the runoff only sharpens disputes, polarizes people, and makes things more difficult.

[ISTOE] But without a runoff we could have a president who did not win an absolute majority of votes.

[Cardoso] I know. But we could consider which is more worthwhile. Today I would rethink that position I took on the floor of Congress.

[ISTOE] Are you in favor of allowing the next president to run for re-election?

[Cardoso] In theory, after a four-year term, yes. But perhaps it would have been better to retain the five-year term. Imagine how re-election will be in a culture like ours. I pity whoever tries to get re-elected. He will be slaughtered morally. In the United States the president runs for re-election and raises funds for his party, the party of his candidates. He uses the presidential airplane. The party pays for it later. But he uses it. Imagine that in Brazil.

[ISTOE] Don't party coalitions in the states seriously hinder the presidential campaign, especially yours, because of the rather heterodox alliances?

[Cardoso] The problem is that this election is "married" [voting is being held simultaneously for offices at all levels], but poorly so. That is because we do not have parties. There is no vertical integration of parties. The PSDB forged alliances in states with parties that are backing other candidates for President of the Republic. Can you appreciate my position?

[ISTOE] Hasn't your posture, which we might call pragmatic, caused hurt feelings in some sections of the PSDB?

[Cardoso] That's normal. As Tancredo [Neves] used to say: no blood, no victory. [ISTOE] Was this posture of being a candidate "in favor of things" and not speaking ill of your opponents adopted deliberately?

[Cardoso] What we were talking about was not getting into political shouting matches. Why not? Because all the polls show that the public hates criticism. Mercadante was a disaster for Lula. Every time he attacked me, he lost lots of votes. You see that I have never attacked Lula. There are two factors behind this: one, that I do not like to attack. Another is that the electorate was on Lula's side. He had 40 percent and I had 10 percent. If I attacked Lula, I would never win over his 40 percent. I would have reinforced the 40 percent, strengthened his position. Here in Brasilia our candidates are Maria Abadia for governor and Sigmaringa Seixas for senator. Sig was attacking Governor Joaquim Roriz. I told him: "You're nuts. Roriz is the man with the votes. If you attack Roriz, you block off the flow of votes to yourself." What did Collor do? He attacked the "maharajahs." My campaign experience tells me this: all this stuff is symbolic. You have to create a myth. And you have to tell the same story, repeating what is good and what is bad. You have to have both, and you keep changing, like in the structure of the myth, like Levi-Strauss. It's a binary thing: the good and the evil. And you have to recount the same myth throughout the campaign in various ways. In our case, it's the currency. What is the evil? Inflation. What is the good? Stabilization. And that was what we did. I keep harking back to the main myth—in the anthropological sense of the word. You have to come up with the simplest structure and insist on that. Every three or four programs, I go back to the subject. The *real* is good, inflation is bad. Whoever is on the side of inflation is bad, whoever is on the side of the *real* is good. That's all I did.

[ISTOE] And what about the "election swindle"?

[Cardoso] Let's dot our "i's" and cross our "t's." Before the *real*, I had 19 percent, almost 20 percent, and inflation was extremely high. So it is not just the *real*. It's how the *real* came about. And that's where the trust factor comes in. I was well-received because I said what I was going to do and I did it. And I did not hide the difficulties, I explained them. What this country will not swallow is farce. The Cruzado Plan was not a farce, but Cruzado II was. At the point when the most necessary steps had to be taken, they were not taken. As I always said: "And what if you have to take an unpopular step?" Take it. If I were to think it would be politically good to make populist concessions, I'm lost. Delfim [former planning Minister Delfim Netto] told me: "All the conditions are right for you. No one ever had as much clout as you have, not even I." It's just that I created this clout. It was zero when I took over as finance minister. If I am elected, it is because I created the clout.

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[ISTOE] According to your platform, R$100 billion will be invested over four years. Is there plenty of money?

[Cardoso] It is a conservative program in terms of resources. Not much will be spent. Our GDP is R$500 billion. So it is no crazy idea.

[ISTOE] Don't you think that investing $20 billion of our foreign exchange reserves might compromise the plan?

[Cardoso] Excess reserves are a problem for us. We have $45 billion. When I took over at the Ministry, we had $18 billion. And tremendous sums are ready to flow into Brazil. We have to be careful that the monetary mass does not explode.

[ISTOE] Do you oppose the San Francisco project?

[Cardoso] No. But I think it has to be looked at in a global context. Since we have never had a water management program in Brazil, we do not know what is best. We cannot do things the way we did with the North-South Railway, which is good, but was tainted from the outset by various irregularities.

[ISTOE] How do you plan to circumvent the domination by the oligarchies of the Northeast?

[Cardoso] The influence of the oligarchies has already declined a lot. It declined in Ceara. In Pernambuco, but not because of Arraes, you find a more modern outlook. In Bahia, Antonio Carlos saw the signs of the times and decided not to govern the old-fashioned way. These oligarchies are paper tigers.

[ISTOE] What do you think of this "conspiracy of silence" that supposedly involves the press, public opinion research firms, bankers, exporters, and other sectors, to get Fernando Henrique Cardoso elected?

[Cardoso] I spent two months of my candidacy getting hit from all sides. Even before I left the Finance Ministry, I was getting beaten up. I did not isolate myself. I did not try to use any weapon to stem the criticism. Money was not flowing into the campaign coffers. Everyone was saying that Lula would win and that Quercia would run over Fernando Henrique like a buildozer. I take it in stride. First, the media: in a society like ours, the media likes a show. The other day, someone wrote in FOLHA DE SAO PAULO that journalistically speaking, the FHC administration would be a bore, if I become president. The media would naturally prefer Lula, because he would put on a bigger show. It's nothing against me personally or because there is a conspiracy. Up until July, when the *real* was born, it was all Lula. And I emerged as a candidate who does not create happenings, is not visible. The media magnifies everything: both disgrace and success. So there is a strong tendency for those who begin to look like failures to be pushed down even further. Those who have started to rise tend to be pushed upward. Because that creates the show. There is no conspiracy. What happens is that the established forces also get into the swing of things. You could hardly find a businessman who had not talked with Lula. The PT sent emissaries to Europe to talk with the City of London, through Itamaraty, to tell them what they were going to do. If Lula still had 40 percent now, don't you think the captains of industry would be negotiating with him? Didn't the automakers negotiate with Lula? I am not criticizing. I am just stating the facts. Everyone wants to negotiate with whoever appears to be the emerging power. Which does not mean conflicts will not arise later on. Either we demystify this conspiratorial view that leads to antidemocratic developments, i.e., a failure to accept the political game and defeat, or we have to listen to all this whining. This is what is happening now.

[ISTOE] Especially with the PT?

[Cardoso] My criticism of the PT is that, in my opinion, it is a party that is looking backward. It said at the time it was founded that it wanted to create a party like the ones that were established in Europe during the last century and had lasted until a short while ago because the Berlin Wall had not fallen. Later, they started thinking they would reform the world by themselves. And there is no politics in a democracy without alliances. That was in 1980. Now the PT is losing because it made political mistakes. And it uses that to avoid making an internal and external political analysis of its situation. It has become the UDN [National Democratic Union] of the past. It still has not understood the game of democracy.

[ISTOE] If the PT had contacted you on the eve of your departure from the Cabinet, would there have been an alliance?

[Cardoso] If they had wanted an alliance, it would have been with us. During the voting on the Social Emergency Fund, I asked Lula to come to my house and he came, with Mercadante. They did not engage in destructive criticism. I said: "Look, Lula, if you are president, you will need this." He understood what I meant. Lula is intelligent. He had to support the *real*, he had to support stabilization. The new Left has to understand that stabilization is a requisite for the welfare of workers. It is not something carried out at the expense of the worker. They were wrong in their analysis. The PT has no plan for Brazil. Not having a coherent plan—that's when protests start. They are losing the election because they lost their sense of direction. The defeat is political. Within the PSDB, I was in favor of an alliance with the PT.

[ISTOE] And why didn't it work out?

[Cardoso] For two reasons: first, because the shiites in the PT won out. They wanted to run candidates all over the country. They think we are traitor socialists. Second, because their platform was not viable. When we went to support Lula in 1989, we met in that apartment—I and Euclides Scalco for the PSDB, and Plinio de Arruda Sampaio and Jose Dirceu for the PT. We said: your 13

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points are not feasible to implement. They wanted agrarian reform carried out virtually without the State, with the peasant and the unions dealing directly with each other. Every newspaper would be published by an editorial committee. I said: "Look here, we have not abolished private property. This is just an election." There were two or three meetings like that. Finally, we said: "Very well, we are going to vote for Lula, we'll say this on the hustings, but we have no agreement, no common program." Because you run up against a different view of society. They have not revamped their position and have been unable to assume the social democratic position, which is the viable one.

[ISTOE] Is that the role your party is playing?

[Cardoso] I am the viable Left. They want to shove me toward the Right, but I am not of the Right, I am the viable Left. They have become a utopian Left, which is regressive. Utopia is already complicated enough in politics. It is necessary, but you also have to have realism. When the utopia is regressive, everything gets very difficult.

[ISTOE] What will be the PT's role in your administration?

[Cardoso] I do not believe it is the best strategy to co-opt everyone; let there be opposition, especially because there needs to be alternation in power. Every day people ask me if I'm going to invite the PT into the administration. Why invite them if they lost the election?

[ISTOE] What role is being reserved for President Itamar Franco in a possible Fernando Henrique administration?

[Cardoso] Whatever he wants. Itamar's relationship with me has been one of absolute consideration and loyalty. He has done Brazil a great service. First, because he desacralized government authority without banalizing it. Second, because in the area of corruption, he got the administration off the police blotter. There were no rumors of corrupt behavior in this administration. If there had been, it would be on TV today. At the Ministry of Finance, we negotiated $700 million in contractor debts to the electric power companies. There were no rumors. I authorized Pedro Malan to buy $2 billion in US Treasury bonds. Only the two of us and the president knew about it. Not one rumor.

[ISTOE] Will he appoint ministers?

[Cardoso] That is not his style. But I will certainly talk to him about Cabinet posts, if I become president.

[ISTOE] You are often criticized for having told people to forget everything you have written.

[Cardoso] Do people think I'm an idiot? How can anyone ask people to forget everything he has written? I never said that. This story arose, indirectly, out of a meeting I had at GAZETA MERCANTIL. Someone asked me something, trying to catch me in a contradiction. I looked at Celso Lafer and said: "You see, Celso—as someone who has also written a lot—how difficult it is to hold political office after having written so much." They call you to account for what you wrote. That's what I said.

[ISTOE] What will the Finance Ministry be like during the new phase of the Real Plan?

[Cardoso] In the case of Finance, the political and heroic phase is over. It needed someone who could inspire the public. A good minister would be a man who can explain things to this country. The same goes for Education and Health. In key ministries we have to have people with that kind of competence who know enough to listen to the experts [as published, verbatim repeat of earlier response].

[ISTOE] Given the number of parties and politicians who support you, aren't you afraid you will face the same problems Tancredo Neves [former president-elect who died before his inauguration] faced in putting together his Cabinet?

[Cardoso] Tancredo had a tremendous talent for politics. I do not know how things would have gone later, but I have the impression that he would have been the leader. Tancredo wanted me to be the PMDB leader in the Senate. Then Humberto Lucena lost the Senate presidency to Jose Fragelli. He got desperate, and phoned Tancredo. He had someone call me and ask: "Give up the Senate leadership, and we'll work something out." I gave it up, and Lucena became the leader in the Senate. Then he appointed me to a very tough job, that of the government's leader in the Congress, because how could I, a senator, head the Chamber of Deputies? I was a leader of leaders. I served in the position—under Sarney, of course—and did well. I decided not to get involved in the day-to-day issues of the Congress but stuck to general political mediation. I went to have lunch at the farm where Tancredo was living. That was the last time I saw Tancredo. So I asked: "What's this about?" He said: "Look, I'm going to call up Fragelli and have them knock down some walls to make a huge office for you in the Senate. Then they'll see they have to come and talk to you." Isn't that fantastic? Symbolic. He would have done that to show that Fernando Henrique was going to handle the political conversations and would be the one to talk to the president. Since he died, we were left with all that confusion.

[ISTOE] For whom will you build a huge office?

[Cardoso] (Laughing) For myself.

### Franco Asks Congress To Transfer Nuclear Plant Loan

*PY2210000194 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Oct 94 Section 1 p 4*

[FBIS Translated Text] President Itamar Franco has left for Congress to decide on the course the Brazilian

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nuclear policy will take. He asked the permission of Congress to transfer resources earmarked for the Angra 3 nuclear plant to finance the completion of the Angra 2 construction.

Planalto Palace Press Adviser Fernando Costa yesterday said the message about the transference of resources between the plants, which was sent to Congress on 18 October, "makes Congress responsible for analyzing and defining the national nuclear policy."

The government wants to transfer a German bank loan of 422 million reals to Angra 2, which was originally granted to Angra 3. Congressional approval is required because this will alter the content of the Brazil-Germany Nuclear Accord.

To finish the construction of Angra 2, a further 1.435 billion reals will be required. So far, 4.6 billion reals have been used in the construction of Angra 2, which has started in 1976. Work was suspended in 1992.

### Adoption of Environmental Standards Viewed

*PY2110183094 Sao Paulo GAZETA MERCANTIL in Portuguese 19 Oct 94 p 13*

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brazil, whose environmental protection laws are more advanced than those of its partners within Mercosur [Common Market of the South], proposed a few days ago—in Asuncion, Paraguay—the so-called destination rule: Member countries may sell their products on the Brazilian market providing they observe environmental preservation standards.

If this proposal is approved, Argentina, Uruguay, and Paraguay will be unable to sell on the Brazilian market, for example, non-biodegradable detergents, or juicers that make more than the permitted noise levels. One Itamaraty source has said that the Brazilian Government thus seeks to preserve its high environmental standards. Argentina, Uruguay, and Paraguay must formulate an answer to the proposal on 17 and 18 November in Montevideo. But this is merely a partial solution. During the Mercosur transition period, which expires on 31 December, it will be impossible to standardize the technical regulations of the four countries. The diplomat added: "Until Mercosur regulations are standardized, the destination rule will prevail. With time, Mercosur will become standardized, based on the most advanced regulations."

The main document issued by the Mercosur Specialized Meeting on Environment [Reuniao Especializada de Meio Ambiente—REMA] proposes basic guidelines on environmental policy. Although criticized by environmentalists for being too general, the document provides the only possible solution because there are big differences between Brazilian laws and those of the other Mercosur members. The Brazilian Constitution has an entire chapter on the environment and the states and counties have their own legislation. Mercosur negotiators immediately saw that it would be impossible to harmonize the different countries laws so they sought another solution: They looked into the environmental norms that should be included in the four countries' laws. They adopted the principle that those who have no laws should pass them. For example: If Brazil has laws on reporting environmental impact, then the other countries must have the same laws too.

The first basic guideline of the document states: "In the absence of environmental laws, countries will adopt norms that adequately consider implied environmental aspects and guarantee competitive conditions within Mercosur."

Another interesting point is the inclusion of environmental costs in the overall cost analysis of any productive process. This will avoid price distortions. There is, however, a realistic attitude. As one diplomat commented: "It is impossible to expect Paraguay to immediately install filters at all its factories."

Mercosur environmental instruments are still embryonic, but among the proposals being discussed is the identification of international commitments that can influence the economies of the four countries. The measures being adopted by Brazil, Argentina, Uruguay, and Paraguay should be checked to see if the commitments made at ECO-92 [United Nations Environment Conference held in Brazil in 1992] are all progressing at the same level.

The environmental theme is so complex it permeates almost all Mercosur sub-groups. At internal meetings in Brazil, the REMA—which is coordinated by the Legal Amazon and Environment Ministry—receives subsidies from the Ministries of Health, Transportation, Agriculture, Industry and Trade, and Mines and Energy. Itamaraty coordinates Brazilian actions within Mercosur.

Whenever toxic substances are transported, for example, the Transportation Ministry must be consulted. The performance of the Mines and Energy Ministry is important because companies like the Brazilian Petroleum Inc. and the Brazilian Electric Power Company, Inc. produce environmental impact reports.

No one knows what will happen to the specialized Mercosur sub-groups after 1 January 1995. Everything depends on decisions reached during the conference in Brasilia on 1 and 2 December, at which the four foreign ministers will define the institutional structure of Mercosur, its organizations, and where they will be headquartered.

The document entitled Basic Guidelines on Mercosur Environmental Policy Matters states that member-countries must:

- Adopt practices to preserve the environment in processes that use natural resources;

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- Adopt sustainable management techniques when dealing with renewable natural resources to ensure their continued availability;
- Adopt environmental licensing/implementation practices in all activities that can potentially destroy the environment in member-countries;
- Ensure that only very small amounts of pollutants are released into the environment through the adoption of clean development technologies and recycling, as well as the correct treatment of solid, liquid, and gas residues;
- Ensure that productive processes and trade cause the minimum damage to the environment, bearing in mind regional integration within the framework of the Mercosur;
- Enhance all efforts to harmonize legal and/or institutional procedures for environmental licensing and implementation, and monitor the environmental impact on the shared ecosystems;
- Stimulate the coordination of common environmental criteria toward the negotiation and implementation of international acts that are considered a priority in the integration process;
- Strengthen environmentally sustainable management through better decision-making information; improve the ability to evaluate; and revive teaching, training, and research institutions;
- Ensure that the promotion of tourism among the member-countries will consider the principles and norms of environmental balance.

## Chile

### 'Regret' Expressed Over Territorial Loss to Argentina

*PY2410154294 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1435 GMT 24 Oct 94*

[Address to the nation by President Eduardo Frei Ruiz-Tagle from La Moneda Government House in Santiago on the Laguna del Desierto Arbitration Court ruling; broadcast in progress—live]

[FBIS Translated Text] ...to 1881 and whose most immediate precedent is the 1984 Argentine-Chilean Peace and Friendship Treaty.

This ruling solves 24 [number as heard] pending border problems that have been disputed between Chile and Argentina throughout this century. They have been resolved within the framework of the law and through the peaceful means that characterize the bilateral ties between our two countries. The only case now pending relates to the ratification of the treaty that ends the Southern Glaciers controversy.

Loyal to its juridical tradition of upholding international treaties, agreements, and rulings, the Chilean Government will comply with the Arbitration Court award and render the necessary cooperation for its implementation. I am certain we have acted with diligence and determination to defend the Chilean position. We are still convinced of the grounds for our claim. We deeply regret how the majority of the Arbitration Court interpreted the proposals and the 1902 Award, some of which were upheld by Chile and which have now been used to rule against Chile.

I urge all Chileans to act with civic responsibility and maturity. State affairs, particularly international affairs, cannot and should not become issues of political division. Chileans must assume this situation in a spirit of unity.

We hope the end of this controversy will help to strengthen our ties with our neighbor and bolster the integration process. Peace and cooperation are the fundamental principles of international coexistence and security.

Thank you very much.

### Insulza Lauds Military, Public Reaction

*PY2410230494 Madrid EFE in Spanish 2249 GMT 23 Oct 94*

[FBIS Translated Text] Santiago, 23 Oct (EFE)—Chilean Foreign Minister Jose Miguel Insulza said today that Army Commander General Augusto Pinochet's reaction to the adverse ruling on the dispute with Argentina over the Laguna del Desierto territory had been exemplary.

The foreign minister had the same comment for the inhabitants, in general, of the Aysen region, where the 532 square kilometers awarded by the arbitration board to Argentina on 21 October are located.

On 22 October Pinochet said that "deep inside, I have cried the sorrow of yielding land," but added that "I am not responsible in this matter. The problem is not mine."

The Navy said that the ruling was "regrettable," while the Carabineros said they would comment on the ruling, but that in any case it reminded them of the "painful episode" of the death, in November 1965, of Carabineros Lieutenant Hernan Merino, who died during a clash with Argentine border policemen in Laguna del Desierto.

Minister Insulza said that "in reading the comments by the Carabineros, the Navy, and the attitude shown by Gen. Pinochet regarding this issue, I think they have been exemplary."

The minister recalled that the Chilean arbitration agents had stated the Chilean position to the Armed Forces chiefs of staff, through the Foreign Policy Council, the Senate, and the Chamber of Deputies, and that during those sessions "they received no criticism regarding the way the Chilean stance had been upheld."

As for why the issue had been submitted to the arbitration of five Latin American jurists instead of resorting to a British court, as was customary, Insulza answered that

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"the idea of resorting to five Latin American jurists was because the continent has reached a degree of maturity that allows it to solve its own problems without resorting to the courts of other regions."

He added that "they are jurists of renowned experience, one of whom, it should be mentioned, had a differing opinion, which greatly satisfies us for its juridical knowledge," (referring to Salvadoran jurist Bernardo Galindo Pohl).

The Chilean foreign minister disclosed that the court, which met in Rio de Janeiro, "had chosen a simplistic solution, if you like, that is: In 1902 the Chileans upheld their stance based on the theory that the Pacific valley was for Chile and the Atlantic valley for Argentina."

Jose Miguel Insulza asserted that the ruling does not take into account the residents' arguments, nor the 1965 phenomenon (the armed incident), nor the maps printed in 1953 allegedly in Argentina's favor.

The foreign minister ended by stating that "the ruling is simply based on a literal consideration of the 1902 arguments."

### Envoy Interviewed on Ties With U.S.

*PY2410192094 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 24 Oct 94*

[Studio interview with John Biehl del Rio, ambassador to the United States, by Alejandro Guiller—live]

[FBIS Translated Text] [Guiller] When Chile went into its transition to democracy, it was thought that Chilean international relations—particularly foreign ministers and ambassadors—would pass with flying colors, but right now there are opposition sectors that already speak of failure in referring to Chilean foreign policy.

Today we are going to talk with John Biehl del Rio, who recently assumed his duties as Chilean ambassador to the United States. Good morning, Mr. Ambassador.

[Biehl] Good morning, Alejandro.

[Guiller] Look, Chilean aspirations to achieve important positions in international organizations and agreements with important countries have been a little disappointing—at least our expectations have not been met. What is happening? Were we too naive in believing that democracy would immediately open all doors, or are we too gullible in believing that we have become economic tigers?

[Biehl] Alejandro, first of all I would like to congratulate Television Nacional on its anniversary. I believe it is very important for a television station to commemorate 25 years, in view of your significance in Chilean culture and democracy. That being said, I will refer to your questions.

I believe that Chilean international ties are exceptional. We are well off, but are exaggerating it a bit when we insistently ask ourselves whether we are doing fine.

Chile is enjoying a good international image, but we have to take into consideration that we are participating in very competitive areas, and we are also perfecting our democracy. We are doing fine in some areas, and not so good in others. There is no reason why we must do well in every instance. We cannot win all the elections at the international level.

I believe, therefore, that all the issues being discussed are at different levels. One is not interrelated with the other. We are doing well in some areas, and not so well in others.

[Guiller] Ambassador, about your specific area of work, U.S.-Chilean ties—there is some disappointment here, because people expected Chile would achieve a free-trade agreement with the United States, Canada, and Mexico, but the issue was complicated a bit. The government trusted this would be achieved more expeditiously. What is happening?

[Biehl] Basically this has to do with internal U.S. political matters. There is no doubt that U.S. officials want to negotiate. They have repeatedly said they want Chile to be the first country to join NAFTA. This cannot be done without a delegation of powers, and the U.S. executive branch has been unable to achieve this. This is what people call fast track [previous two words in English]. This is the issue in question, and it has nothing to do with Chile. It has to do with domestic U.S. policy, which has become tremendously complicated because the United States is right now in the middle of an election period, and everything tends to become much more irrational.

[Guiller] Why should a U.S. election be detrimental to Chilean interests?

[Biehl] Not necessarily detrimental to Chilean interests. In general, during elections issues become more passionate, and political parties are mainly trying to win votes. It becomes more difficult to achieve agreements and approve laws. This is true worldwide. Perhaps it was a tactical mistake to exert pressure during elections. But this is not our fault, as it was not Chile that decided to request a fast track during an election period.

[Guiller] Some U.S. media, quoted today by the newspaper EL MERCURIO, have stated they believe it would be very unlikely for the fast track to be approved by the first half of 1995. In view of what you have just described, what would be a realistic period for Chile to achieve this?

[Biehl] I believe everything will depend on the election results. We have to wait and see. According to estimates, the Democrats may suffer a more significant defeat than expected. We have to wait until after the elections, when

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spirits have been calmed, and see how they view the future, and what their goals are.

Let me remind you that even the debate on GATT, which is of tremendous importance and has nothing to do with Chile, has bogged down.

[Guiller] There are some rumors circulating in Santiago that the United States is now leaning more toward Argentina, and that we should not be taken by surprise if suddenly a fast track is first achieved with Argentina. Is there any truth to all this? Have you heard about it? Can you confirm it? Can you deny it?

[Biehl] No, frankly, I believe there is no truth to all this.

[Guiller] There are also some press reports stating that during recent meetings between U.S. President Bill Clinton and Boris Yeltsin...

[Biehl, interrupting] Yes, I have heard this...

[Guiller interrupting] ...Chile's name was repeatedly mentioned as a good example. What can you tell us about this good example?

[Biehl] Yes, of course. For protocol reasons I have to sit next to the Russian ambassador, and he was the one who briefed me on this. He told me that during an important visit that President Yeltsin recently paid to the United States, in virtually all meetings Chile's name was mentioned as an example.

[Guiller] What did they mention as an example?

[Biehdl] Everything, everything. He told me that everything was mentioned, ranging from the social security system to how to do politics, and the privatization policy. They also repeatedly said that Chile is an example of what you can or should do. So much so that he told me: Look, all of us will have to sit down and study Chile.

[Guiller] The curious thing is that although the United States is praising what is occurring in Chile at the political and economic level, in general it has not supported Chile in international forums, or that is, at least when Chile thought it could count on U.S. support it has not been forthcoming. This has happened both with the U.S. Government and with U.S. congressmen, as in the case involving Chilean Senate President Gabriel Valdes' candidacy for the Interparliamentary Union. What is the reason behind these situations?

[Biehl] Here again I believe there is lack of information. Regarding this interparliamentary election, there was never a meeting of political parties represented in Congress. U.S. legislators who attend these meetings do so exclusively at a personal level. There is not a single U.S. senator who is aware that this election ever took place. It has been 16 years since U.S. legislators have participated in this meeting. The legislator who attended this meeting did so exclusively at a personal level, only because he had lived in Egypt and is a personal friend of a candidate who phoned him and requested him to come and help him. All this therefore has nothing to do with the United States, the executive branch, the legislative branch. We are just inventing things here in Chile. This is not a state decision. It is not a government decision. It is not even a political party decision.

Moreover, the persons were were going to attend the meeting and vote for Gabriel Valdes were going to do so for the same reasons: because their vote had been requested. But they chose not to go because they had to look after more important domestic matters. That is all. There is no national decision involved.

[Guiller] Regarding the United States—beyond commercial agreements, a lot of importance is given to a free trade agreement specifically regarding technological transfer and cultural exchange. How do you view Chilean ties with the United States in the short term in this regard?

[Biehl] Excellent. I believe our ties are at a very good level, and the United States continues to be our main partner at all levels, both in investment and trade, both of which are increasing. Commercial treaties are now basically political frameworks within which we commit ourselves not to change the rules of the game, and this is very important. I believe that what we basically want to achieve with the United States and other economic blocs is to establish rules of play so that the most powerful countries do not unilaterally change them to their own advantange. This is why we are striving to achieve these agreements. We are doing well. Fortunately we have no haste in achieving them tomorrow, or otherwise fail.

[Guiller] Thank you very much, Mr. Ambassador.

### French Foreign Minister Pays 'Short Visit'

*PY2410211794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 24 Oct 94*

[FBIS Translated Text] French Foreign Minister Alain Juppe, who arrived in Chile yesterday, will meet with President Eduardo Frei today. During his stay in our country Juppe will meet with representatives from the political and economic sectors.

A high-ranking French Government representative has not visited Chile since September 1990, when then French Prime Minister Michel Rocard attended the funeral of late President Salvador Allende.

This is probably why, when Minister Juppe described his short visit to our country, he said it represented France's return to Chile.

Juppe was met at Comorodo Arturo Merino Benitez Airport by acting Foreign Ministry Under Secretary Favio Vio.

[Begin Juppe recording in French, with simultaneous translation into Spanish] We hope we will be able to strengthen our political dialogue as well as our economic

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presence and cultural ties. Chile is back on the democratic path, and France is very happy about this. Coming from Europe, one sees that Chile has made impressive progress in the economic field and, therefore, has every chance of being successful. I hope we will be able to establish a relationship, both with France and with the whole of Europe. [end recording]

During his stay the French minister will sign three agreements, one of them creating a permanent political consultation mechanism.

### 'More Flexible' Counterproposal Offered to Mercosur

*PY2510013294 Santiago ESTRATEGIA in Spanish 14 Oct 94 p 10*

[FBIS Translated Text] During the second round of negotiations between Chile and Mercosur [Common Market of the South], the Chilean delegation made a counterproposal that made some aspects of the initial proposal more flexible. Argentina, Brazil, Uruguay, and Paraguay will make a new proposal within the next 30 days, during what is expected to be the last meeting to define the basic criteria for drafting a list of tax-exempt products.

It was leaked that one of the aspects Chile is willing to negotiate is the deadline for lifting taxes on the historical patrimony [patrimonio historico]. The original proposal contemplated reaching a zero tax within two years; the new proposal speaks of up to six years, which is the term proposed for completely lifting taxes on most products. There would be a separate list only for sensitive products, which would reach zero tax within 10 years.

Mercosur proposes that 80 percent of the taxes on the majority of products, including those currently enjoying preferential tax, be lifted completely within eight years, and 100 percent within 10 years.

Chile does not agree with the Mercosur proposal regarding the exception lists. Mercosur proposed a gradual tax reduction for Chilean products, while Chile proposes that the tax exemption list not be modified until the transition period—that is, 10 years—has been completed.

Chile also maintains that if any product is eliminated from the historical patrimony it must be replaced by another product, and that this may happen on very rare occasions only.

It was determined that Chile and Mercosur share common viewpoints regarding the establishment of a free trade zone within 10 years.

The Chilean stance is contained in three documents: a commentary on the negotiation proposal, made one month ago by Mercosur; a second, referring to the structure of the Chile-Mercosur Economic Cooperation Agreement; and a third, referring to the Chile-Mercosur Commission.

The four Mercosur member countries announced that the latter must be adjusted to the definitions on Mercosur institutional aspects to be adopted in November.

The joint communique, issued on 11 October in Montevideo, asserts that the assessment of the Chilean proposal prompted "a lengthy and revealing exchange of viewpoints, which resulted in agreements on important issues."

It was added that during the next meeting the scope and extent of the proposal on non-tariff issues, including the Chilean document, would be defined.

### FACh Commander Receives Belgian Mirage Fighter

*PY2410204194 Santiago LA TERCERA DE LA HORA in Spanish 12 Oct 94 p 8*

[Report by special correspondent Hernan Garcia]

[FBIS Translated Excerpt] Belgium—Sophisticated electronic flight and weapons control systems operated with laser rays are some of the more innovating characteristics of the Mirage M-5M "Elkan" fighter bombers that have been acquired by the Chilean Air Force (FACh).

FACh Commander General Ramon Vega arrived in Charleroy, Belgium, accompanied by FACh Logistics Commander General Jaime Estay and 1st Air Brigade Commander General Egidio Machuca, for the "roll out" to the FACh of the first of 25 units of this aircraft.

The "Elkan" was delivered to FACh authorities at the "Sabca" factory in this city, 70 km south of Brussels, where this type of aircraft is refurbished.

The first aircraft will travel to Chile in February 1995 on board a huge Russian "Antonov" aircraft. All the Mirages acquired by the FACh should be in Chile by next October.

The "Elkan," a Mapuche name meaning "guardian," is similar from a tactical and operational viewpoint to the F-16 and Mirage 2000 and "Pantera," with a supersonic speed that can almost triple the sound barrier.

Gen. Vega expressed his satisfaction over the professionalism shown in Belgium by Chilean pilots learning to fly these aircraft.

He stated: "It has not been an easy task, because it is hard to transfer and take state-of-the-art technology to Chile. However, the program has been planned in a very clever manner."

Belgian Air Force Commander General Guido Vanhecke, in turn, stated: "Our Air Forces are very similar in the enthusiasm they have. We are sure that no effort will be spared to make these aircraft of the 21st century. This is why we are letting the Chileans have one of our creations which, we hope, will give them the same satisfaction it has given us."

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These 25 new Chilean war aircraft cost approximately $120 million. They will replace the Hawker Hunters that the FACh has been using for the past 30 years.

The delivery ceremony was followed by an impressive exhibition of a Mirage aircraft flown by a Belgian pilot. The exhibition will be performed by a Chilean pilot today in the presence of Gen. Vega, who will travel to Russia tonight for a five-day institutional visit.

Regarding this visit, and the fact that it was the first paid to Russia by a Chilean commander in the past 21 years, he said that that was just life.

## Proposed 1995 Public Works Budget Detailed

*95SM0007A Santiago EL MERCURIO in Spanish 2 Oct 94 pp C1, C8*

[Article by Elena Martinez C.]

[FBIS Translated Text] The infrastructural and social sector, essentially the responsibility of the Ministries of Public Works and of Housing and Urbanization, and accorded a high priority by the government, gets one of the largest increases in the 1995 budget bill.

The bill calls for a rise in Public Works spending from approximately 215 billion pesos in 1994 to 231.771 billion in 1995, up approximately 8.5 percent in terms of real investment.

This Ministry carries out programs designed to equip the country with the needed basic infrastructure, within which a prominent place is occupied by the so-called productive infrastructure. The latter has a significant bearing on the economic operation of the productive and export sectors, according to statements by the current governmental authorities.

In this scheme of things, the item covering airports shows the largest increase, up approximately 23.8 percent, owing mainly to improvement of the Mataveri airport on Isla de Pascua.

The proposed total appropriation does not include the Santiago International Airport enlargement project, which is still being evaluated by the authorities concerned.

Roads is another sector that presents a significant rise, with real investment up almost 9.7 percent, from around 169 billion pesos in 1993 [as published] to 185.158 billion in 1995.

The overall Public Works budget, as defined in the bill, is based largely on continuity, in that projects in the course of execution and some scheduled for completion next year also figure in the total allocations for previous years.

The concept of social yield of the initiatives whose execution is mandatory is maintained, as in the case of all interurban roads designed to provide access to isolated localities and hence the development of these zones.

### Infrastructure Plan

Physical integration with neighboring countries, especially Argentina, has been designated a priority for the sector. The 11 border passes concerned have also been specified. Funding for this objective, however, has not been included, for the reason that social priorities require the according of primacy to roads for connecting zones whose economic development has come to a standstill for lack of adequate road facilities.

Funding is included, however, for continuing construction work next year on the Coastal Route that is to traverse the entire country from north to south, paralleling the Pan American Highway. This is one of the Ministry's fundamental projects, considering that it is to be the base of a corridor connecting the countries bordering on the Atlantic Ocean with the Chilean ports bordering on the Pacific Ocean. At the same time, it will shorten the connections between fishing terminals and rural localities.

The proposed totals do not include funding for the construction of major irrigation projects. Nor will work be done, at least during 1995, on the Puclaro Dam in the 4th Region, estimated to cost U.S.$75 million, or the Lautaro-Victoria-Traiguen reservoir.

Also lacking are funds for carrying out major structural route projects, in the capital, which could be awarded on a concessionary basis. This approach is still under analysis. The authorities are evaluating whether the shortage of road infrastructure in the capital can be better addressed by way of concessions. Simultaneously, they are studying the mechanism of road tolls. A bill on the instituting of tolls has already been introduced in the Congress. This would provide for streets to be reserved exclusively for mass transport, and other measures designed to stimulate the use of public transportation.

The bill provides for an increase in the total investment for improvement and enlargement of the country's principal ports. This represents a rise from 13.706 billion pesos in 1994 to 14.230 billion in 1995, and is based on the fact that work on the ports of Valparaiso and San Antonio are already well advanced, while construction work on the port of Punta Arenas is scheduled to begin this month.

The bill does not provide funding to resolve the rainwater problem, beyond 500 million pesos for studies of the issue, since the law to determine the future division of responsibilities between the Ministry of Public Works and the Ministry of Housing in this respect has not yet been passed.

Another important aspect of the overall Public Works budget is the total sum collected in the toll booths

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throughout the country. This year, the total to be collected is estimated at 35 billion pesos. The estimate for 1995 is 38.6 billion.

By way of illustration, 185 billion pesos are spent annually on the maintenance of roads.

**Housing**

The public housing and urban thoroughfares areas are accorded strong emphasis in the overall Housing budget for 1995. This sector, which is responsible for development of the social infrastructure, that is, the structure intended to facilitate the progress of the lesser-advantaged sectors from the standpoint of resources, receives a real increase of approximately 6 percent.

This Ministry's activity is considered fundamental to the struggle against poverty, in that, in addition to permanent housing, it includes the providing of paved streets, sewers, and electric lighting, besides community services facilities.

Its 1994 budget totaled 185 billion pesos.

One of the items to be increased is urban thoroughfares, with an allocation of 25 percent. This implies that the 77 percent for housing and the 23 percent for urban thoroughfares and pavements budgeted for 1994 is to be changed in the 1995 budget to 75 percent and 25 percent respectively.

The budget forwarded to Parliament presents two fundamental shifts in focus. Considerable emphasis is placed on low-cost housing, and the system of free choice is given primacy over that of assignment.

The policy of housing subsidies undergoes no change.

The thrust of the budget bill implies the gradual transfer of the Housing Ministry's mortgage and loan activity to the private sector, with a view to increasing the number of subsidies that can be granted through the freeing up of public-sector funds.

Strong emphasis is also placed on the items that Housing Minister Edmundo Hermosilla has defined as concerned with "urban ethics," meaning that they directly affect the quality of life of city inhabitants.

These include pavements, through the participative pavements plan; vehicular congestion, through the carrying out of urban thoroughfare projects; floods, through treatment of the problem of evacuation of rainwater; and city parks, to provide family recreation.

## Colombia

### Justice Minister, Others Attack 'Narcobill'

*PA2410145694 Santa Fe de Bogota EL ESPECTADOR in Spanish 19 Oct 94 p 8-A*

[FBIS Translated Text] Santa Fe de Bogota—Justice Minister Nestor Humberto Martinez Neira, Prosecutor General Alfonso Valdivieso Sarmiento, Edgar Saavedra Rojas, president of the Criminal Division of the Constitutional Court; and criminal law expert Antonio Jose Cancino have extensively and categorically demonstrated that the so-called narcobill, designed to reform the Criminal Procedures Code on matters like illegal acquisition of wealth and front-men, is not only openly unconstitutional and unsuitable for the country but also favors organized crime.

With this, the bill has been practically buried in the First Commission of the House of Representatives. It has been proven that first, congressmen like Dario Martinez Betancourt, Yolima Espinosa, Vivianne Morales, and Rodrigo Rivera, among others, and, later, the Commission, were right when they proposed not opening discussion of the bill.

The first to speak at yesterday's session in the First Commission Room, within the framework of the public and broad debate the bill has gone through since discussions were reopened, was Justice Minister Martinez. He began by stating clearly that the bill must not go through any more stages and must be filed away.

He recalled that his position is set out in a letter sent to the First Commission on 3 October 1994, that is, one day before it was approved in this legislative entity that, as has been said, decided to reopen the discussions.

The justice minister spoke about the unconstitutionality of the bill's determination that state control over assets obtained with illegally acquired wealth can be terminated on the basis of a court ruling. Justice Saavedra elaborated on this. The minister later reiterated that the proposed article, in addition to going against the Constitution, is openly unsuitable because it leaves the state without the weapons it needs to fight powerful criminal gangs.

He said the bill includes superfluous proposals, such as that according to which the burden of proof cannot be inverted. The minister insisted that any proposal that permits investigating illegal acquisition of wealth and front operations only when the person being investigated has been previously found guilty of kidnapping, drug trafficking, or crimes against the Treasury would impede the work of justice, because it is well-known there is a so-called concealed-crime caste, which leaves no trace of its criminal actions.

The minister recalled that Congress is debating a bill to create the anti-corruption statute, which increases sentences for punishable actions envisaged in the initiative being discussed by the First Commission. He said the problem is so serious that right now proceedings are ongoing involving 6,500 assets—cars, aircraft, land, and speedboats.

He said it would be disastrous if these assets had to be released or if assets declared as terminated-control assets had to be transferred to the Prosecutor General's Office,

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as the bill proposes, because that institution has barely enough time to conduct investigations. The justice minister, backed by specific acts, reported that serious procedural mistakes occurred when the bill was approved in the Senate since the term established by the Constitution between the first and the second debate was not respected.

Prosecutor General Alfonso Valdivieso regretted that the Senate approved the bill in the way it did. He called it a strange and very serious way. He said the project is clearly aimed at favoring organized crime and asked that instead of legislating this way, the Senate classify more crimes.

Valdivieso said that assets acquired illegally can often be detected but cautioned that it is very difficult to find criminals. He recalled that newsmen, justices, and members of the Armed forces who try to trace them are often murdered.

The prosecutor general noted that usually, judges and investigators are less prepared legally than criminals. This is why he finds it very strange that bills like the one being discussed are emerging now that there are national norms that are beginning to yield fruits in favor of justice. He concluded by saying that his office is not interested in managing assets but in investigating and prosecuting.

The one who perhaps more vehemently upheld constitutional and other warranted arguments to demonstrate that the bill is repulsive was Justice Saavedra. He found in the bill's brief text many inexact terms and discrepancies. He said he is shocked that an effort has been made to establish a law in which it is stipulated that if requirements for adopting seizure measures are not fully satisfied, those assets cannot be seized, even if they are the product of illegal actions or have been used to commit a crime.

He reiterated that this would be terrible because it would become impossible to detain a vehicle loaded with cocaine as long as the authorities did not know to whom it belonged. He presented a solid argument about the social function of private property.

While the bill was being crushed in the First Commission of the House, Senators Juan Martin Caicedo, Luis Fernando Londono, Eduardo Pizano, Luis Guillermo Velez, Jaime Arias, Juan Camilo Restrepo, German Vargas, and Enrique Gomez Hurtado were signing a letter demanding that the bill be filed away.

### Police Discover Modern Drug Laboratory in Tolima

*PA2410190794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 23 Oct 94*

[Report by Javier Arango in Ibague; from the "TV Today" newscast]

[FBIS Translated Text] Narcotics police have seized 10 tons of supplies and 250 kg of cocaine from a modern drug processing laboratory discovered in Alvarado, Tolima, this afternoon.

It was the most modern laboratory to process coca in Tolima and one of the largest in the country. Eighteen members of the Technical Investigations Department of Tolima's Regional Prosecuting Office found 10 tons of supplies to process coca and more than 300 kg of prepared coca. In addition, they found sophisticated equipment to filter, dry, and press the drug. Modern radio equipment, powerful generators, a small boat, and boxes [garitas] were also found. Police arrested six people; none were from Tolima.

The discovery was made at San Miguel farm, El Pantano, in Piedras Municipality. Sixth Brigade Troops are now in charge of guarding the place.

## Paraguay

### President Wasmosy Departs on Visit to Spain

*PY2210013194 Asuncion RPC Television Network in Spanish 2250 GMT 21 Oct 94*

[FBIS Translated Excerpt] On 21 October President Juan Carlos Wasmosy departed for Spain, where he will carry out a state visit that will last until 27 October.

Accompanied by a small entourage comprised of two ministers, close aides, and some businessmen, Wasmosy departed for the motherland at midday, where he will have a very busy agenda, including a meeting with his counterpart in La Moncloa Palace, Felipe Gonzalez, and with King Juan Carlos in La Zarzuela Palace on 24 October. He will also attend the Ibero-America and Spain Toward the 21st Century conference on the evening of 24 October, and meet with Spanish businessmen, investors, and bankers in the following days. He is slated to return to Paraguay on 27 October.

Senator Alfredo Luis Jaegli, one of those who accompanied Wasmosy on his trip to Spain, said that he will try to negotiate with the Spanish Government a line of credit of approximately $22 million, to be earmarked for purchasing equipment for hospitals. [passage omitted]

### Lawyers Elect Council of Magistrates Representatives

*PY2410174894 Asuncion NOTICIAS in Spanish 24 Oct 94 p 20, 21*

[FBIS Translated Text] The Electoral Court of the Capital [TEC] met at noon yesterday with legal representatives of all the movements competing in the lawyers' election of Council of Magistrates representatives. It later released the official results of the election in the capital and the interior of the country. The Electoral Court officials announced that Federico Callizo Nicora and Florentin Lopez Caceres were elected members of the Council.

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The TEC also announced that alternate members will be Anastacio Mendoza Sanchez and Reinaldo Machado.

The TEC will send [to the Senate] the official document with the results and the resolution announcing the winners today.

The final results give an ample victory to List C, headed by Dr. Federico Callizo Nicora who obtained 1065 votes and was, therefore, elected member of the Council of Magistrates. Second came List G, headed by Florentin Lopez Caceres with 726 votes. He was also elected Council member. The other candidates lost and will not participate in the Council which will propose the list of three candidates for Supreme Court and Electoral Justice members.

In third place came List F headed by Carlos Gwynn with 342 votes while List D headed by Mercedes Sandoval de Hempel came fourth with 282 votes. Mario Milciades Melgarejo's List B obtained 266 votes, List E obtained 173 votes, and List A obtained a mere 33 votes.

The list of members of the Council of Magistrates is finally complete. Four members belong to the ruling Colorado Party and four to the opposition. Those close to the government are Florentin Lopez Caceres, representing lawyers; Luis Alberto Real Riera, representing the executive branch; Ramon Silva Alonso, representing UNA [Asuncion National University]; and Albino Garcete Lambiase, representing the court.

Those close to the opposition are Juan Carlos Ramirez Montalbetti, representing the Chamber of Deputies, Carlos Alberto Gonzalez, representing the Senate; Federico Callizo Nicora, also representing lawyers, and Sixto Volpe Rios, representing the Catholic university.

Senate President Evelio Fernandez Arevalos must now summon and swear in the new members before they begin their official duties.

## Peru

### SL Leader Reportedly in 'Underground Hideout'

*PY2510002294 Madrid EFE in Spanish 1950 GMT 23 Oct 94*

[FBIS Translated Text] Lima, 23 Oct (EFE)—It was disclosed in Lima today that Oscar Ramirez Durand, aka Feliciano, the current Shining Path [SL] leader, is hiding in an underground hideout in the central Peruvian jungle.

According to information given to authorities by repentant terrorists, Feliciano has strongly armed bodyguards at his hideout, which is located in an almost inaccessible region. This information was published by the Lima newspaper ONDA today.

According to the information, the zone where the SL leader is hiding is located in the jungle region in Junin Department, east of Lima, where the terrorists still maintain some 5,000 members of the Ashaninka indigenous community in a virtual state of slavery, malnutrition, and ill health.

ONDA states that General Jaime Sobrevilla, head of the political-military command of the zone, has asserted that Ramirez Durand could be captured "at any moment," because his steps are being followed closely.

Previous reports stated that Feliciano was in the jungle zone of Ayacucho Department, southeast of this capital, and that he was surrounded by security forces. It was even reported that he had been arrested, but the information was then denied.

It was also reported that Feliciano was moving with a column of activists between the jungle areas of Ayacucho and Junin, in order to elude the military patrols that are searching for him.

Feliciano heads the SL faction that continues to perpetrate acts of violence and rejects the peace proposal made to President Alberto Fujimori by the main SL leader and founder, Abimael Guzman, from the prison where he has been serving a sentence of life imprisonment since October 1992, after having been arrested on 12 September of that same year.

### Fujimori Discusses Elections, 'Terrorism'

*PY2410200094 Lima Panamericana Television Network in Spanish 0200 GMT 24 Oct 94*

[Studio interview with President Alberto Fujimori by Guido Lombardi—live]

[FBIS Translated Excerpt] [Lombardi] Good evening. Tonight the president of the Republic, Alberto Fujimori, agreed to be here with us to answer some of our questions. Good evening, Mr. President, and thank you for being with us.

[Fujimori] I am pleased to be here.

[Lombardi] What I am wondering is whether I am going to be talking with the president of the Republic or with the presidential candidate.

[Fujimori] You already answered the question when you introduced me to the audience.

[Lombardi] Well, I introduced you as president of the Republic, but you are also a candidate.

[Fujimori] Yes, but I would rather speak as president of the Republic [words indistinct].

[Lombardi] Well, first I want to ask some questions of the candidate. For instance, how do you feel concerning this proliferation of candidates? There are 27 in total, of whom only 15 or 16 will remain. Do you think this is positive or negative?

[Fujimori] I think this is an expression of the freedom prevailing in the country, giving greater possibilities for

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all political parties to participate. The positive point of this is that all citizens can participate. From this point of view, I think our democracy is being consolidated. [passage omitted]

[Lombardi] Mr. Fujimori, one of the bases of your campaign for reelection is the stability that the country requires to conclude the reforms and further its development. There are those who say that the 1995 elections will result in a congress without a majority—that is, Congress will have no real majority. And you have demonstrated that you cannot rule under these conditions. An example of this is the 5 April coup. How will you be able to govern with a virtually opposition congress?

[Fujimori] The government strategy will be developed according to the circumstances and according to current problems. No one can deny that we had to fight with a firm hand, not to say an iron hand, violence and hyperinflation. This has required discipline and decisions. That was one stage. We have overcome a very difficult stage, a sui generis stage. I do not believe that anywhere else in the world, where terrorism was the cause of many problems in the country, was success achieved in but two and a half years. We can say, then, that we are beginning a new stage, a stage when there will be greater tranquility, and no more hyperinflation or violence, but greater political education. Then, when there is no more terrorism and no more hyperinflation, it will be easier to reach agreement. We cannot be discussing things that are detrimental to the country...

[Lombardi, interrupting] I am concerned, however, that you said we have already defeated terrorism. I want to discuss this matter further, after these commercials. [passage omitted]

You said, President Fujimori, that terrorism had already been defeated in the country. Don't you think that is a hasty statement, considering, for instance, that Feliciano [Shining Path leader Oscar Ramirez Durand] has not yet been arrested? It has been said that he has already been arrested, that he is practically surrounded, but no official announcement has been made about him yet. Do you have a card up your sleeve, or what is happening with Feliciano?

[Fujimori] I would rather say that terrorism is being defeated. This is a process, although we are at the end of it, during which terrorism is being defeated. Concerning Feliciano, he is being followed very closely. He is being so closely followed that the Huamanga military command has been able to intercept his communications through a little radio. In an open space he could have been captured already, but in the dense jungle zone he can move here and there and escape persecution. We know that he is wounded.

Unfortunately, this persecution has been costly for our Army. Six Army members were killed and 17 wounded. This happened in a direct clash.

[Lombardi] Did this happen over the past few weeks?

[Fujimori] Over the past few days. And to rescue the wounded three helicopters were required. Two had to remain in the air protecting the third, which had to land. Two days were needed to rescue the 17 wounded. But I do believe that Feliciano will be captured at any moment, or his body will be found in the jungle, because it is difficult to survive with very little ammunition, and he is desperate. [passage omitted]

[Lombardi] Concerning drug trafficking, which is the other front where the Peruvian state and government are fighting, a few days ago the success achieved in the pacification process and in the arrest of subversive elements was underlined. There is surprise, however, that there has been no similar success in the antinarcotics fight. What is the reason for this?

[Fujimori] Important progress has been achieved in this area as well, although I believe this fight is uneven. The great developed nations, with billions of dollars, are also unable to eliminate drug trafficking, such as is the case with the United States. After expending enormous resources to defeat drug trafficking, the problem remains. In Peru, we have obtained significant achievements. One is the modernization of the campesinos who were forced to plant coca, and their willingness to seek legal crops. This was a good measure. Second, the Air Force has taken control of most landing strips, and at one point we used to have two radars, one in (Gamboa) and another in Iquitos, with which we used to control most of the jungle area against airplanes that could be participating in drug operations. But both radars have been taken out and eliminated.

However, we have noticed greater U.S. willingness to cooperate in the antinarcotics fight. For instance, a few days ago we received information that [words indistinct]. But in any case, this drug trafficking problem will not be resolved in a short period of time, because billions of dollars are invested in this activity. [passage omitted]

[Lombardi] You are traveling next week, excuse me, this week, to New York, to participate as main speaker at a forum organized by THE WALL STREET JOURNAL. What are you going to propose at that forum, Mr. President?

[Fujimori] There is great interest in the United States, and also in the entire business world, in learning about the Peruvian situation. And I think this interest is focused among the Americans on how this process developed so quickly, on how the situation has changed so much from our being an outcast country to a country so attractive for foreign investors, and how the mining sector has suddenly been booming. I think this is what they want to know, and that is what I am going to outline, that regardless of what others might say the country has been stabilized, and discipline has been maintained in all areas, whether in government offices, in fiscal departments, or in any other area.

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[Lombardi] Thank you for coming to answer all our questions, Mr. President, and good luck on this trip to the United States, when the international image of Peru will be reaffirmed.

[Fujimori] Thank you for the time granted to me.

### Nuclear Plant Seeking Partner for Isotope Exportation

*95SM0016A Lima LA REPUBLICA in Spanish 27 Aug 94 pp 18-19*

[Unattributed article]

[FBIS Translated Text] Peru could soon become an exporter of radioisotopes for medical and industrial uses, through the use of the vast production capacity of the Huarangal Nuclear Plant.

The first steps toward the achievement of this goal have already been taken, and they are targeting the largest international market for this important product—the United States.

Engineer Julio Cesar Romani, the director of general installations at the Peruvian Institute of Nuclear Energy (IPEN), said yesterday that some exports of radioisotopes have already been made to the United States.

"These first exports have fully met the most demanding quality standards," he indicated.

But the export of isotopes in large quantities with the required characteristics as to form and durability has not yet been achieved.

Romani said that it has been established that the Peruvian Institute of Nuclear Energy is not in a position to undertake the marketing of the product on its own.

"We are prepared and fully capable of producing isotopes, but not to assume the international marketing of these products," he said.

It has been determined, Romani said, that a joint venture company—an association with an international investor familiar with the foreign market—will provide the best access to international markets.

"We would produce the radioisotopes and they would take charge of their marketing," Romani indicated.

#### Seeking a Partner

Romani said that the IPEN is currently looking for such a commercial partner, and it is also and mainly seeking to make the installations capable of sustaining an intensive productive rhythm, while at the same time improving the quality of the various isotopes so that they will be accepted on the international market.

Specifically, improvements are being made in the installations to adapt them to the production of "exportable" isotopes. At the same time, the employees are being trained to do continuous shift work and to use the technology required for the production of radioisotopes and radiopharmacological products.

Romani reiterated, moreover, that the Huarangal Nuclear Plant has the capacity to produce radioisotopes in the volume needed to satisfy the U.S. market demand.

Production of radioisotopes is currently proceeding at a normal—we might say deliberate—rate, but one that suffices to meet domestic market requirements.

Production has been increasing year after year, particularly since 1991, when as a function of the central government's limitations, the Fujimori administration ruled that the IPEN must generate its own income, or at least enough to cover part of its operational costs.

Since that ruling was promulgated, it has been established that the best way to generate this income is to produce radioisotopes for the domestic market.

Romani said that the domestic market is being fully satisfied at this time.

#### Medicinal Uses

The radioisotopes produced by the Huarangal Nuclear Plant are specifically intended for medical and industrial uses.

A number of hospitals and clinics, as well as industrial establishments, in this country are using the radioactive elements produced by this plant.

Romani said that the income generated by the local marketing of radioisotopes comes to $200,000 annually.

About 30,000 patients a year are treated with the techniques of nuclear medicine that use radioisotopes.

However, the medical use of radioisotopes, in both the diagnostic and therapeutic realms, is still limited in our country.

In the United States, nuclear medicine technologies are used for at least 50 percent of the patients admitted to hospitals, either in diagnosis or for treatment.

In Peru, on the other hand, there are many doctors who are not even familiar with this technology, and therefore do not recommend it to their patients.

In both the United States and Cuba, where health care is a priority concern, at least 50 out of every 1,000 individuals benefit from the use of nuclear medicine techniques every year.

In Peru, the number of patients treated annually with this technology is only two out of every 1,000 persons per year.

The United States accounts for 50 percent of the world demand for radioisotopes for medical use.

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It is for this reason that the IPEN has targeted that country for the marketing of its future production of radioisotopes.

These items are being produced under ideal conditions at the Huarangal Nuclear Plant, which has been given the name "Racso" in homage to Oscar Miro Quesada.

Daily operations are proceeding at a normal rate in a modern production plant built with safeguards against all of the risks.

Two radioisotopes—iodine-131 and technetium-99 M—are produced there.

These two products are used in nuclear medicine for both diagnostic and therapeutic purposes.

Along with this, the radiopharmacological products used to complement diagnostic studies are being produced.

The director of the production plant is Engineer David Carrillo. The facility is made up of a series of laboratories, two of which are engaged in producing iodine-131 and technetium-99 M.

The other laboratories produce radiopharmacological items and others carry out such important tasks as quality control, for example.

**Industrial Uses**

The radioisotopes produced at the plant are also used in industry for such purposes as ensuring high quality welding and casting operations, among other things.

The laboratories are models of cleanliness and order.

Some 20 experts and researchers who are graduates of the various universities in the country work there in a silent environment.

The nuclear plant was built on a large area surrounded by gray hills in Huarangal on the basis of contracts signed by the IPEN with the Atomic Energy Commission of Argentina in 1977.

Construction was begun in 1980, under the Belaunde government, and it was completed in 1988 during the administration of Alan Garcia.

The Huarangal Nuclear Plant began regular operation in 1989.

## Uruguay

### Presidential Candidates' Positions Examined

*PY2210002094 Montevideo BUSQUEDA in Spanish 13 Oct 94 p 10, 11*

[FBIS Translated Text] The polemics, challenges, and accusations that have emerged during the campaign have hidden the contents of the government proposals that the eight main presidential candidates plan to implement as of 1 March 1995.

On the basis of the programs that are available and statements by the candidates or their advisers, BUSQUEDA has summed up the position of each candidate on eight topics, which can more or less be considered keys to the future administration.

Among the points on which there is agreement, we have that of no abrupt devaluation, and the reform of the pension system, through various methods. In view of the results of the 1992 referendum, it is quite sure that the proposals for the reform of the state will begin with improvement in the management of state enterprises. Mercosur [Common Market of the South] also offers various possibilities, from keeping it within the current schedule of deadlines, to negotiating more time for the reconversion of some of the productive sectors.

**Armed Forces**

Julio Maria Sanguinetti [Colorado Party]: Defend unity and professionalism. Seek efficiency and recover the level of salaries and pensions.

Jorge Battle [Colorado Party]: Modernize the military institution. Encourage the efforts that are already being made within the Armed Forces.

Jorge Pacheco Areco [Colorado Party]: Guarantee the full capability of the Armed Forces to carry out their tasks.

Alberto Volonte [National Party]: Prepare the Armed Forces so they can become the best within Mercosur.

Juan Andres Ramirez [National Party]: Continue with the policy of reducing the Armed Forces.

Carlos Julio Pereira [National Party]: Will not fill posts. Improve their functioning.

Tabare Vazquez [Broad Front]: Restructure and professionalize the Armed Forces. Include among their missions their use in the case of internal turmoil, when the executive and legislative branch give the order.

Rafael Michelini [New Sector Coalition]: Gradually reduce the expenses of national security without affecting the professionalism of the Armed Forces.

**Labor Relations**

Sanguinetti: Negotiate pacts between workers, businessmen, and the state to include productivity programs, the retraining of personnel, salary increases, and mechanisms to prevent conflicts and resolve controversies.

Jorge Batlle: Establish freedom to sign salary agreements. Authorize the state to intervene and defend consumers in essential goods producing areas.

Jorge Pacheco Areco: Work for the withdrawal of the state from salary negotiations in the private sector. Ban salary conditions that include any type of present or

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future indexation, either with consumer prices or with the foreign exchange rate. Regulate the right to strike and labor activities.

Alberto Volonte: Free labor negotiations. Determine salary increases not through the IPC [Consumer Price Index], but based on productivity. During a transition period adjust salaries based on the peso devaluation. Exempt workers from 18 to 25 years of age from contributing.

Juan A. Ramirez: Improve the model that frees the state from salary negotiations. Introduce more flexibility into individuals' contracts, and recognize new work categories such as the part-time job and apprentice work.

Carlos J. Pereyra: Promote lasting understanding between workers and entrepreneurs. The role of the state will continue as it is today.

Tabare Vazquez: Work for agreements that will protect workers' interests, but will not affect our macroeconomic stability. Assure families, at least, that they will be able to cover their basic needs of food, housing, health, education, and recreation.

Rafael Michelini: Articulate worker-manager agreements in order to permit harmonious growth of productivity and competitiveness, with a defense of salaries and employment.

**State Reform**

Julio Sanguinetti: Admit privatizations or implement mixed ownership systems. Reorganize public companies and eventually capitalize them by issuing new shares. Encourage the resignation or retirement of public employees, leaving vacancies unfilled.

Jorge Battle: Generate more jobs in the private sector to bring relief to the public administration's payroll.

Jorge Pacheco Areco: Reform excessively large departments or offices whose purposes are not justified.

Alberto Volonte: Establish new forms of management for public companies and the administration of their human resources. Train surplus personnel to fill vacant positions.

Juan A. Ramirez: Continue deregulating and debureaucratizing. Capitalize public companies by issuing shares.

Carlos J. Pereyra: Study the possible privatization of public companies on a case-by-case bases.

Tabare Vazquez: Reorganize the state's function and defend its presence in strategic areas.

Rafael Michelini: Professionalize company directors' administration. Evaluate privatizations on a case-by-case basis. Revise regulations establishing public servants' irremovability. Pay public servants better, but also establish a system of bonuses and penalties.

**Public Security**

Julio Sanguinetti: Implement cooperation systems, involving the state and society, to improve the sufficiency and quality of prevention, vigilance, and dissuasive actions.

Jorge Battle: Create specialized groups to fight criminal organizations. Arrange for specialized prosecutors to work with judges during inquiries. Increase penalties and make release from jail more difficult.

Jorge Pacheco Areco: Prevent and repress crime with personnel who can count on legal support and good equipment.

Carlos J. Pereyra: Reorganize the police department, giving it preventive functions.

Alberto Volonte: Improve the training of policemen and create elite groups in each department to face more delicate tasks.

Juan A. Ramirez: Modernize police equipment. Make the use of police force legal, and establish alternatives to prison sentences in some cases.

Rafael Michelini: Improve police professional training and give the police department more resources. Develop programs to prevent crime.

**Education**

Julio Sanguinetti: Make preschool education universal, implement full-time positions in at least 10 percent of the schools, improve the training of teachers, create 50 new teaching institutions, and increase the number of medium-level teachers by 50 percent. Sanguinetti does not support the plebiscite establishing that 27 percent of the budget must be spent on education.

Jorge Batlle: Give priority attention to the poorest groups in the population, increase the number of teaching hours in primary schools, incorporate English and computer classes into programs. Rethink secondary education programs. Battle does not support the plebiscite on education.

Jorge Pacheco Areco: Reorganize spending, decentralize the decisionmaking process, giving a say to parents. Change programs. Pacheco does not support the plebiscite on education.

Alberto Volonte: Establish full-time educational programs for children from three to seven years of age. Adapt programs to the needs of the labor market. Volonte does not support the plebiscite on education.

Juan A. Ramirez: Concentrate efforts on primary education. Generalize the teaching of a second language and computer sciences. Give scholarships to teachers to take courses in institutes in the northern hemisphere during vacations. Ramirez does not support the plebiscite on education.

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Carlos J. Pereyra: Allocate the highest possible percentage of budget resources to education. Adapt programs to market needs. Pereyra does not support the plebiscite on education.

Tabare Vazquez: Introduce more program flexibility and improve education's relation with the productive system. Improve teachers' salaries according to training. Give teachers a say in planning. Implement what is decided by technical-educational assemblies. Vazquez supports the plebiscite on education.

Rafael Michelini: Change programs and reorganize spending on education. Michelini does not support the plebiscite on eduation.

**Mercosur**

Julio Sanguinetti: Defend a relatively reduced common external tariff and a common trade policy to protect our products from the import of subsidized products from outside the region. Negotiate longer retooling periods for very sensitive industries.

Jorge Batlle: Work to close good agreements between Mercosur, NAFTA, and the European Community. In Uruguay, reduce costs and establish reliable instruments to make it profitable to produce and invest in the country.

Jorge Pacheco Areco: Promote and support changes in the common external tariff. Strengthen the Commerce Commission to solve potential conflicts during the transition toward a unified market.

Alberto Volonte: Respect agreed upon deadlines and propose using Mercosur as a unit to negotiate with other blocks. Support efficient companies' efforts to retool their installations.

Juan A. Ramirez: Follow the steps of the current government and support retooling plans.

Carlos A. Pereyra: Create a National Retooling Institute to guide, advise, and finance programs.

Tabare Vazquez: Review the deadline for reducing tariffs to zero, particularly in strategic areas and for sensitive products included in the list of exception.

Rafael Michelini: Fulfill agreements, but also analyze the need for complementary terms.

**Foreign Exchange Policy**

Julio Sanguinetti: It will depend on the national and regional situation in March 1995. Opposes a sudden devaluation.

Jorge Battle: No devaluation to achieve a correct foreign exchange rate. Reduce the cost of tariffs and of fiscal and social burdens.

Jorge Pacheco Areco: If the situation does not change, continue with the same system.

Alberto Volonte: It will depend on the situation in March or May 1995. No sudden devaluation.

Juan A. Ramirez: Foreign exchange policies as close as possible to current policies.

Carlos A. Pereyra: No sudden devaluation. Let the dollar float, but in harmony with competitiveness.

Tabare Vazquez: No sudden devaluation, but a gradual increase of a devaluating process.

Rafael Michelini: No sudden devaluation.

**Social Security**

Julio Sanguinetti: Guarantee a larger initial retirement compensation than at present, and a compulsory capitalization plan for those whose incomes exceed a certain ceiling. A transition system for those who are in the middle of their active life, to permit them to capitalize, at least partially, their contributions to the current system. Will vote for constitutional reform on retirement rules.

Jorge Batlle: Opposes an overall reform such as the one proposed in 1989. Eliminate the 14.5 percent company contribution made by industry and agriculture to help producers maintain strike insurance, increase employment, and reactivate production, which would permit the collection of other taxes. Does not support constitutional reform on retirement rules.

Jorge Pacheco Areco: A combined system for minimum retirement compensation with capitalization systems and the participation of the private sector. Will vote for constitutional reform on retirement rules.

Alberto Volonte: Remove from the BPS [Social Security Bank] all items that are not strictly related to retirement compensation, increasing the retirement age to 60 and 65 years (for women and men respectively), and create complementary retirement funds administered by the BPS. Will vote for constitutional reform on retirement rules.

Juan A. Ramirez: Increase the retirement age or establish a minimum supporting system with public or private capitalization systems. Will vote against constitutional reform on retirement rules.

Carlos J. Pereyra: Eliminate all false retirements, and attack evasion. Will admit personal accounts with the state as guarantor. Has no position on constitutional reform on retirement rules.

Tabare Vazquez: Improve BPS administration and finance the system with direct taxes on income, property, inheritance, and progressive rates on salaries. Will vote in favor of constitutional reform on retirement rules.

Rafael Michelini: Establish a minimum retirement compensation for people with the lowest incomes, a public retirement system based on contributions (personal

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accounts) up to a certain level of income, and an alternative system of complementary funds with the possible intervention of public and private companies. Does not support constitutional reform on retirement rules.

## Venezuela

### Finance Minister Rules Out Devaluation

*PA2410141994 Caracas ECONOMIA HOY in Spanish 18 Oct 94 p 4*

[Report by Zenaida Da Costa]

[FBIS Translated Text] In clear reference to statements by Domingo Maza Zavala, Finance Minister Julio Sosa said yesterday that he has also said, even when he was in New York, that he is no sorcerer and cannot predict what the inflation rate will be next January. The director of the Central Bank of Venezuela [BCV] and member of the Exchange Administration Board [JAC] has contacted this newspaper to explain that his estimate of 60 percent inflation pertains to 1994, not 1995.

Sosa reported on his trip to New York, where he told potential investors that he wants to believe there could be currency revaluation as a result of economic reactivation and greater efficiency in Venezuela, not as a result of the opposite. He noted: "I do not accept the proposal to impose a devaluation to handle the fiscal deficit. This is completely unacceptable to this government."

Sosa said Venezuela was chosen to represent Latin America at the IMF's annual assembly in Madrid and that his counterparts from the rest of the Western hemisphere applauded his speech because it mirrored the continent's integrationist position within the framework of the ongoing trend toward globalization.

Sosa said bankers expressed such interest in participating in the Venezuelan financial sector that he has made arrangements to meet with the Board of Directors of the Deposit Guarantee and Banking Protection Fund (Fogade) to negotiate the bankers' participation in bidding for banks in which the state has intervened.

Sosa met with energy experts in New York. He was accompanied by Luis Giusti, president of Venezuelan Petroleum. At the request of President Rafael Caldera, plans exist to include all issues related to the development of the hemisphere's energy sector on the agenda of the summit convoked by the President of the United States in December. In this regard, Sosa commented: "The meeting was very positive. We are working on this point to present it next week to the coordinator of the meeting in the United States."

Sosa delivered two speeches at the Council of the Americas, one to agents from investment banks, the other to a group of businessmen to whom he explained his government's point of view on the Plan for Economic Stabilization and Recovery. The question and answer session, which he believes was why he was invited, dealt with an issue already discussed by President Caldera two days earlier. Sosa remarked: "They did not ask him any questions. Of course, they saved the questions for me."

Addressing the lifting of exchange controls, Sosa said he trusts this will happen once there is so much foreign capital in the country that further foreign exchange flight becomes improbable. In this regard, Sosa said that attractive investment opportunities exist, for example proposals to privatize parts of the Venezuelan Guayana Corporation that will be opened up to foreign capital. Processes for strategic association being promoted by Venezuelan Petroleum to develop the oil sector are also included in this.

Sosa stated: "I find a great deal of interest in developing the hemisphere's energy sector. Venezuela is the flagship country in this field." He commented that events in the Persian Gulf should make oil importers in the hemisphere think twice about the importance of having permanent supplies in places that are more tranquil politically.

Asked if these objectives could be trounced by violent events in the country, Sosa said this is a source of concern for all and that undoubtedly very serious measures will have to be adopted to control such events because they worry investors. Regarding campaigns abroad designed to discredit the country, Sosa said he is not aware of any, at least not in the U.S. media.

The minister clarified a Venezuelan press report on the country's lack of access to certain IMF credits. He explained that at the Guadalajara meeting of the Inter-American Development Bank, it was decided that 5 percent of the bank's resources could go to the private sector in developing countries. But also at the IMF meeting, IMF Director Michael Camdessus proposed an increase in special draft rights that evidently would have benefitted this group of countries but the Group of Seven voted against it and the motion did not carry.

### Congress Rejects Plan on Defense Contracts

*PA2410043094 Caracas Union Radio Network in Spanish 2200 GMT 20 Oct 94*

[From the "Union Radio News" newscast]

[FBIS Translated Text] We have a report on what has happened in Congress—the rejection of the partial reform draft of the law authorizing the executive to contract and carry out public credit operations that involve costs destined for investments of the military sector in the amount of $704 million and 883 million bolivares for the National Culture Council. This move was due to the fact these costs are not priority in nature, because at no time are they intended to cover calamities or public catastrophes, as is stipulated by Article 3 of the organic Law on Public Credit.

Congress has decided to reject the proposal, because the expenditures have not been classified as priority investments, given they are not earmarked to cover public

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disasters or catastrophes as stipulated by Article 3 of the organic law that is specifically related to public loans.

In this respect, the Permanent Finance Commission recommends that the executive branch classify and substantiate, as the case may be, the two special expenditures as a public disaster and then present a special law proposal.

The veto was supported by Gustavo Tarre Briceno, Permanent Finance Commission chairman, Vice President Gustavo Marquez, as well as commission members Ramon Medina, Rafael Rodriguez Acosta, Armando Chumaceiro, Jose Antonio Adrian, and (Henry Vencid).

We had the opportunity this morning to interview Permanent Finance Commission member (Henry Vencid) on the problems surrounding the approval of expenditures related to security issues. He said Congress is more than willing to approve the 70 billion [currency not specified] needed to cover the deficit in the defense sector, as requested by the security agencies headed by the Interior Ministry.

What congress is not willing to do, however, is to continue approving expenditures that are not properly accounted for as required by law.

**Army Commander on Illegal Crops, Border Problems**

*PA2310195594 Caracas EL UNIVERSAL In Spanish 21 Oct 94 p 1-13*

[FBIS Translated Text] Army Commanding General Moises Orozco Graterol called the incursion of alleged Colombian farmers into the western part of the country a peaceful invasion. He clarified, however, that these are the same drug growers the FAN [National Armed Forces] has been fighting for some time.

Gen. Orozco Graterol met in private yesterday with the Senate Defense Committee, which is led by Senator Lewis Perez, (Democratic Action party, Trujillo). During the meeting, he addressed several problems affecting the border regions in Zulia and Tachira.

Regarding the so-called peaceful invasion, he discarded the possibility that the Colombian public organizations may have authorized these people to proceed. He said that instead, those organizations have collaborated with the Venezuelan authorities in their efforts to counter such illegal crops in Perija.

He explained that it is the same group of illegal farmers that is taking over lands, because they vanish by the time the Army reaches a place where they were spotted before.

He recalled that the FAN and Army have carried out joint operations to counter the presence of marijuana and coca plantations in the region and have destroyed 300 hectares of such crops. He noted that there is some association between the farmers and the Colombian guerrillas, who provide protection for the crops.

Answering a question about the AMX-30 tanks, the Army general glanced at his calendar watch and said: "Today, the contract has been overdue by 10 months, and we have not yet received one single restored tank, as established in the contract." He reaffirmed that the tanks were not in good condition and if they are accepted as they are, the government official responsible for doing so will be subject to the penalties prescribed in the Protection of Public Property Law.

Senator Edgar Flores (Social Christian party, Tachira) explained to reporters some of the conclusions they reached during the private meeting with the commander of the Army regarding border security and the problems arising from pipeline tapping and gasoline smuggling.

He reported that the poppy plantations are causing irreparable ecological damage to the Maracaibo lake. There are reports of 1,000 hectares of poppies.

On the gasoline contraband problem he said there are about 3,000 vehicles hauling Venezuelan fuel into Colombia. Repression operations, he expanded, have had some negative effects for tourists, whose cars are detoured to Barinas. There are meetings scheduled to take place in Tachira to discuss ways of facing the problem without using repressive methods.

He also spoke of other excesses in the imposition of several taxes, which will be discussed with the region's chambers of commerce.

The Senate Committee will hold meetings with the Ministry of Energy and Mines and with the president of the Venezuelan Petroleum Corporation to discuss the gasoline contraband issue. The meeting stressed the need for a Border Development Law.

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